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January-2018

SPECIAL ISSUE-XXXVI

EFFECT OF GST ON INDIAN ECONOMY



Guest Editor

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M.V.P.'s, KGDM, Arts, Commerce & Science

College, Niphad, Dist. Nashik (MS) India.

(MS) India.

Chief Editor

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## **GST and Impact on Indian Economy**

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Indirect taxation in India needs a definite revamp as we have multiple taxes like service tax, excise duty, sales tax and so on, for a single good or service. The taxation system has become very complex and leading to various issues like double taxation and cascading effects etc., which ultimately affecting to the general public, with increasing prices and lack of transparency. The present system is not only affecting the general public, but also the investors, industries and business men and tax payers as well, which is hampering the easy of doing business and growth of economy at large. Indirect taxes are related to growth of GDP, so it plays an important role. Goods and Services Tax (GST) is considered to be a best solution for all these issues and which is expected to bring in tax efficiency, simplicity, transparency and degree of harmonization to the tax base, tax rates and tax infrastructure. More than 160 countries around the world have already implemented GST and implementation of GST in India would bring in similarity. Now, implementation of GST has become certain in India and it is a right time to understand it. So this paper tries to throw a light on various aspects of GST and to know its probable impact on Indian economy and its sectors. The data are collected through various secondary sources like reports of Government, professional bodies, working committees and also from research papers, articles, news, budget sessions etc.

Goods and Services Tax (GST) in India- A Backdrop The concept of GST was first introduced in the Parliament on February 28, 2006 by P Chidambaram, the then Union FM in the Union Budget Speech of 2006-07. He stated, "It is my sense that there is a large consensus that the country should move towards a national level GST that should be shared between the Centre and the States. I propose that we set April 1, 2010 as the date for introducing GST. The world over, goods and services attract the same rate of tax. This was the foundation of a GST. Later on May 10, 2007, the EC decided to set up a joint working group with, Dr Parthasarathi Shome, the then Adviser to the Union FM and Satish Chandra, the Member-Secretary of EC as Co-conveners, and the concerned Joint Secretaries of the Department of Revenue of Union Finance

Ministry and all Finance Secretaries of the States as its members. The working group submitted its report on November 19, 2007.

The main objectives of this report were:

- To study the various models of GST existing globally
- To identify the possible alternative models for introduction of GST in India
- To suggest a model for the base and rate structure of GST

The report was discussed in the meeting held on November 2007 and the comments of GOI were received on December 2008. In January 2009, another committee of Principal Secretaries/Secretaries (Finance/Taxation) and Commissioners of Trade/Taxes of all States



was set up to consider the comments of GOI and work out CGST and SGST rates. Later in the same year they submitted their reports and were accepted by the EC.

Later another working group was formed to study concerning with three issues:

- commodities and services on the exempted list
- rules and principles in taxing services
- finalizing the model of interstate stock transfers of goods and services

This committee submitted its report on November 2009 and suggested Dual GST i.e. Centre and at the State level called CGST and SGST respectively. The states disagreed for single tax as it would affect their revenues. States also demanded for two rate systems, concessional rate for essential items and a But due to all these issues, government was not able to introduce GST on 1st of April and postponed it to October, 2010 and further moved to April, 2011 due to sharing disagreements between states and GOI. In 2010, then FM proposed a three tier tax structure in which a combined rate of 20%, 12% and 16% were to be charged respectively for goods, essential items and services. Out of these rates, the States would receive rates of 10%, 6 % and 8 % respectively. However, no consensuses were reached and states were asked to present their individual views. On February 28, 2011, in his budget speech, Pranab Mukherjee announced that DTC would be implemented from April 1, 2012. He expressed the desire of GOI to simultaneously implement GST on the same day. On March 2012, EC and Govt. put out a negative list of 35 services to be kept out of the GST and asked for adequate compensation for the states and decided to postpone GST implementation to April, 2013. On July 2012, new service tax regime was emerged and was based on a uniform rate on 12% and with a negative list.

In the budget speech of 2013-14, P. Chidambaram announced that CST compensation package for the States of Rs.9000 cr would be immediately released and called for speedy implementation of the GST. He also said that GST could not be implemented unless there was a seamless distribution of input credits, facilitating interstate trade and getting refunds from one State to another. Till today, with the change in the government also, implementation of GST has not been successful. The main reasons could be no consensus on various aspects among states especially Rajasthan, Gujarat, Madhya Pradesh and Tamil Nadu. Disputes on the reduction of CST, as some states wouldlose revenues in crores annually. Controversies (inclusion and exclusion in the GST net) in the matter of petroleum, Food, tobacco and alcohol, GST rates, compensation for statesand not to forget “Political Jealousy” could be the other main concerns.

Agogo Mawuli (May 2014) in his study on “Goods and Service Tax-An Appraisal” found that GST is not good for less developed countries and does not provide broad based growth. If still these countries want to implement GST then the rate of GST should be less than 10% for growth. Girish Garg, (2014) in their study on “Basic Concepts and Features of Good and Service Tax in India” found that GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST will create a single, unified Indian market to make the economy stronger.

Nitin Kumar (2014) in their research article “Goods and Service Tax- A Way Forward” concluded that implementation of GST helps in removing economic distortion by current indirect tax system and GST encourages an unbiased tax structure which is indifferent to geographical locations. Pinki, Supriya Kamma and Richa Verma (July 2014) in their paper



titled “Goods and Service Tax- Panacea For Indirect Tax System in India” concluded that the new 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. R. Vasanthagopal (2011) in his research paper “ GST in India: A Big Leap in the Indirect Taxation System” concludes that switching to seamless GST from current complicated indirect tax system in India will be a positive step in booming Indian economy. Ehtisham Ahmed and Satya Poddar (2009) in their study on “Goods and Service Tax Reforms and Intergovernmental Consideration in India” found that GST introduction will provide simpler and transparent tax system with increase in output and productivity of economy in India. however the benefits of GST are depend on the rationally designed GST.

Poirson (2006) assesses the effects of India’s tax system on growth through the level and productivity of private investment during 1974-75 to 2004-05. She discovers that the overall tax burden, as measured by the Average Effective Tax Rates (AETR), is low in India as compared to advanced economies and higherincome emerging markets in the region. She views that the proposed introduction of GST with few exceptions should enhance indirect tax productivity and improve economic efficiency by harmonizing tax rates across states. Srinivasan Pagalthivarthi (2015) in this paper author addresses important issues in detail relating to the proposed Goods and Service Tax in India. The issue he has raised pertains to remaining gaps in the proposed structure as well as the consequences that could be expected from the anomalies. Importantly he points towards possible disputes over the event of taxation, classification,value, place of supply and applicable rates that would continue under GST. G. Raghuram (2015) here the scholar brought out the perspectives of different stakeholders and the contentious issues and subsume a variety of taxes and simplify the indirect tax regime.

Value added tax was first introduced by Maurice Laure, a French economist, in 1954. The tax was designed such that the burden is born by the final consumer .since VAT can be applied on goods as well as services it has also been termed as goods and services tax (GST). During the last four decades VAT has become an important instrument of indirect taxation with 130 countries having adopted this resulting in one-fifth of the worlds tax revenue. Tax reform in many developing countries has focused on moving to VAT. Most of the countries thus indicating thus other countries would gain from its adoption (Keen and Lock Wood,2007) Witter and Kym (2002) use a computable general equilibrium model (CGE) to analyze the impact of the GST and wine tax reform on Australia’s wine industry introduced in 2000. It is concluded that export-oriented premium segment would gain at the expense of non-premium segment of wine industry. The implicit message is that such gains would originate from increased prospects of exports of the premium wine segment.

GirishGarg, (2014) - “Basic Concepts and Features of Good and Service Tax in India”, it is found that GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST will create a single, integrated Indian market to make the economy stronger. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions. Through this it is likely to improve tax collections and Boost India’s economic development by breaking tax barriers between States and integrating India through



a uniform tax rate. Pinki, Supriya Kamna & Richa Verma (2014) "Goods and Service Tax - Panacea for Indirect Tax System in India" it is found that the GST is India's most ambitious indirect tax reform plan, which aims at removing the cascading effect of tax. The movement of GST was declared in 2008 and supposed to be in force by 2010. Due to various reasons it could not be in force. GST has been implemented in more than 150 countries which will lead to economic growth of the country. Syed Mohd Ali Taqvi (2013) "Challenges and Opportunities of Goods and Service Tax in India" the researcher explains the GST is only indirect tax that directly affects all sectors and sections of our country. It is aiming at creating a single, unified market that will benefit both corporates and economy. He also explains the proposed GST model will be implemented parallel by the central and state governments as Central GST and State GST respectively. Jana V. M., Sarma & V Bhaskar (2012) "A Road Map for implementation of Goods and Service Tax", from the study it is found that the steps to be undertaken to implement the comprehensive tax system i.e., GST. The authors have thrown light on the constitutional amendment required for the implementation of GST in India.

Beri Yogita (2012) "Problems and Prospects of Goods and Services Tax (GST) in India" in this article the author says that India has witnessed with number of tax reforms since Independence. The implementation of GST will become major indirect reform in India though it subsumes many existing indirect taxes like central excise duty, customs duty, service tax, additional duties etc. by implementation of GST there will be levy of central taxes both on goods and services which integrates and widens the tax base. Dr. R. Vasanthagopal, (2011) "GST in India: A Big Leap in the Indirect Taxation System", found that the positive impacts are dependent on a neutral and rational design of the GST. Balancing the conflicting interests of various stakeholders, complete political commitment for a fundamental tax reform with a constitutional amendment, the method of valuation for levying the tax is to be required. Govinda Rao (2009) "Goods and Service Tax - Some progress towards clarity" the author in his article expresses his views on the first empowered committee report of state finance ministers of Goods and Service tax to be implemented in India. He also explains salient features, shortcomings of the proposed GST. He suggests that the proposed GST model should overcome the shortcomings of VAT system. He also throws light on the challenges faced in the implementation of GST in India.

The above literature studies are on conceptual basis which describe the features, benefits and superiority of GST over the existing indirect system. A study on the basis of expert opinion and stakeholders perception is required to understand the intense challenge and impediments in implementing the new taxation model. The present study is on understanding the fundamental intricacies inbuilt in GST model as perceived by the entrepreneurs and tax professionals.

Introduction of the Value Added Tax (VAT) at the Central and the State level has been considered as the major step - an important step forward - in the indirect tax reforms in India. If the VAT was a major improvement over the pre-existing Central excise duty at the national level and the sales tax system at the State level, then the Goods and Services Tax (GST) will indeed be an additional important perfection - the next logical step - towards a widespread indirect tax reforms in the country.



The present VAT regime at the state level taxes only goods and not services. Exclusion of services, from the VAT base is a major weakness of the present VAT design. Exclusion of services from the base, even if the states are empowered to tax selected services on a standalone basis, would not eliminate the problem of cascading from the tax system. For the Central government, there is a need to replace complex and separate service tax and central excise duty laws with a single tax. Indian economy is getting more and more globalized. More than 160 countries have already introduced GST in some form, France was the first country to implement GST in 1960. Countries such as Singapore and New Zealand tax virtually everything at a single rate; Indonesia has five positive rates, a zero rate and over 30 categories of exemptions. In China, GST applies only to goods and the provision of repairs, replacement and processing services. As we are getting globalized there is a need to have integrated tax system. Under the GST scheme, no distinction is made between goods and services for levying of tax. In other words, goods and services attract the same rate of tax.

In India, at present there are various forms of taxes on product and services such as value-added tax, excise duty, service tax, and sales tax levied on the manufacture, sale and consumption of goods and services in the country. In one or the other way, it is creating cascading impact of taxes i.e. tax on tax on production and distribution cost of goods and services. There is a need to exclude cascading effects of taxes, which in turn will significantly improve the competitiveness of original goods and services that impacts the GDP growth. Cascading tax revenues have differential impacts on firms in the economy with relatively high burden on those not getting full offsets. This analysis can be extended to international competitiveness of the adversely affected sectors of production in the economy. It is felt that the GST would serve a superior reason to achieve the objective of streamlining indirect tax regime in India which can remove cascading effects in supply chain till the level of final consumers.

Goods and Services Tax (GST) is a comprehensive tax levy on manufacture, sale and consumption of goods and service at a national level. In simple terms, GST may be defined as a tax on goods and services, which is leviable at each point of sale or provision of service, in which at the time of sale of goods or providing the services the seller or service provider may claim the input credit of tax which he has paid while purchasing the goods or procuring the service. It is basically a tax on final consumption. New Article 366(12A) of the Indian Constitution defines Goods and Services Tax (GST) to mean any tax on supply of goods or services or both except taxes on the supply of the alcoholic liquor for human consumption. GST is a consumption based tax/levy. It is based on the "Destination principle." GST is applied on goods and services at the place where final/actual consumption happens. As we know, GST is a tax which is passed till last stage; we have multiple indirect taxes which will be added to final cost, GST helps to streamline all those taxes and reduce the amount of tax, eliminates double charging in the system.

Taxes subsumed under GST: (as on Feb. 2015)

- CENVAT
- State VAT
- Service • CST
- Entertainment
- Lottery, Betting, Gambling



- Entry (State)

- Octroi

- Utilities

- Surcharge

The proposed GST in India would include All Goods & Services except:

- Industrial incentives to be converted into investment link cash subsidy

• Special Industrial Area Schemes to be also converted into investment based through their validity period

• Around 99 items presently exempted under VAT may continue in GST regime without any scope to change any list.

- Common list of exemption for CGST & SGST

• Transactions which are below threshold limits Threshold Limits proposed under GST by EC:

• Gross Annual turnover of Rs.10 lacs both for goods and services for all the States and Union Territories may be adopted with adequate compensation for the States( particularly states in North-Eastern Region and Special Category States)

• Threshold limits for CGST for goods Rs.1.5 crores and Rs.10 lacs for services are suggested. However, as per recent discussion going on, threshold limit for Goods & services it may extend to 25 Lacs.

**Positive impacts on the economy:** Implementation of a single National GST will have major beneficial impact on all stake holders.

The key highlight of such impact is given below:

• Eliminates cascading effect & barrier free tax structure: GST will eliminate cascading [tax on tax/ compounding tax] impact on the production and distribution cost of goods and services. This reduced cost of goods and service leading to accelerated GDP growth. GST without tax barriers will leads to economies of scale in manufacturing industry and reduces the supply chain cost.

• Expected to reduce the production cost: GST is expected to reduce the production cost by 15% to 20% in many of the products in view of full input tax credit which will have favorable impact on the prices of product.

• Expected to increase the tax revenue: GST will widen the tax base and improve the tax compliance higher tax: GDP ratio. The Tax: GDP ratio is expected to increase by 2% as per FRBM report. This works out to rupees 70,000 to 80000 crores of additional annual revenue to the central and state governments.

• Leads to sustainable growth in the economy: GST will remove the tax distortions from the economy. This will lead to sustainable higher growth based on competitive strength of the country. Simple tax system will attract more productive investment for growth.

• Will lead to optimization and comparative cost advantage: GST will eliminate the Inter State tax by which it will leads to optimization of physical facilities to the extent of full capacity. If the manufacturing is done at full capacity industry will be benefited by comparative cost advantage.

• Increase in the GDP and standard of living: Since it is expected that with the implementation of GST the price level will reduced in the economy, it will results in increase



in the consumption level and growth in GDP of the economy. According to study by NCAER (National Council for Applied Economics and Research) complete implementation of GST could lift GDP growth by 0.9-1.7%.

- Positive effects on export and BOP level: In proposed GST the exporter will get the full tax credit, the export units will be able to quote better price for their products and services in comparison with present scenario. Increased export will ultimately have positive effect on the BOP of the country.

- Leads to Unique price and removes inequalities between the markets: As GST will leads to imposition of same tax rate on the goods and services everywhere in the country and by implementing same tax rate it will removes the inequalities between the market which we can see in the market at present because of the tax rate differentials.

- Will lead to reduced chance for tax evasion: Since the proposed GST will charges full tax on the each and every transfer, it's difficult for the firms to evade tax from the payment. E.g.: e-commerce firms can't evade tax by operating business from the place where tax rates are comparatively less.

- Leads to centralized where housing for manufacturers: In the present tax system if the dealer and the warehouse are from different states, then the dealer needs to pay a Central Sales Tax of about 2%. This will increase the price of the commodity. Thus companies use to setup a warehouse in each state. In GST as the CST gets eliminated, the centralized where housing can be availed by the manufacturers.

- Makes the tax structure simple and reduces the compliances: Multiple taxes that currently exist will no longer remain in the picture. This will reduce the compliances to be fulfilled as compared to present situation.

Negative side of GST: The proposed GST may lead to following negative impact on the stake holders:

- Negatively affect the price level of essential goods and services: The proposed GST may lead to increase the price of essential products and services which are presently exempted from the taxation.

- Negative effect on the real estate industry: As per the study undertaken by the Curtin University of Technology, Perth in 2000, GST would negatively impact the real estate market as it would add up to 8% to the cost of new homes and reduce demand by about 12%.

- Negative effect on working capital: As the firms are suppose to make the payment of the tax on every transfer the companies working capital requirement will shoots up by proportional to the purchase of inputs for the value addition.

- Emergence of transfer pricing issues: As the GST considers all the transaction for taxation purpose, this procedure will increase the price of the transfer from one department to another for further process.

The Goods and Service Tax (GST) bill is expected to have wide ranging ramifications for the complicated taxation system in the country. It is likely to improve the country's tax to GDP ratio and also inhibit inflation. However, the reform is likely to benefit the manufacturing sector but may make things difficult for the services sector. Though there are expectations that the GDP growth is likely to go up by 1 to 2 %, the results can only be analysed after the GST implementation. The response is mixed from countries around the world. While the New Zealand economy had a higher GDP growth, it was lower in case of



Canada, Australia and Thailand after the GST was implemented. The one per cent tax that has been proposed as a sop to appease the States for compensating their loss of revenue from the inter-state CST is likely to play a spoil sport. It is probable that it may affect the GDP adversely. The Congress is already opposing the 1 per cent tax. The GS Tax rate is expected to be around 17-18% and can be assumed as a tax neutral rate. This tax rate is not likely to give any incremental tax revenue to the government. The rate will prove beneficial for the manufacturing sector where the tax rate is around 24% at present. The major manufacturing sectors that will benefit the most are FMCG, Auto and Cement. This is because they are currently reeling under 24 to 38 per cent tax. The sector which is going to be adversely affected is the services sector. Already there has been a hike from 12 to 14% from the 1st of June this year. Another 4 per cent increase will break their backs. The uniformity in the taxation rate is fine but it should not result in disparity for the goods and services sectors. Nobody has thought of the implications it will have in the services sector if the government moots a higher GS Tax rate like 20% or 24%. The higher GST rate will definitely boost the tax to GDP ratio, while giving financial muscle to the government for increasing the capital expenditure. This is likely to spur growth in the economy. There is definitely a silver lining to the whole exercise. The unorganised sector which enjoys the cost advantage equal to the taxation rate can be brought under the GST bill. This will bring a lot of unorganized players in the fields like electrical, paints, hardware etc. under the tax net. It is easier said than done. It will take a lot of meticulous planning in the implementation of the GST reform for capturing the unorganized sector under its ambit. For one it will widen the tax reach and secondly it will benefit the organized players who lose out revenue to the unorganized sector at present. There are still a lot of unchartered territories which need to be looked into through parliamentary discussions in the sessions. This will bring sanctity to the taxation system without hurting any of the sectors adversely. To The Individuals and Companies - With the collection of both the central and state taxes proposed to be made at the point of sale , both components will be charged on the manufacturing costs and the individual will benefit from lowered prices in the process which will subsequently lead to increase in consumption thereby profiting companies.

By the above discussions one can reach following conclusion:

- The macroeconomic impact of GST is significant in terms of growth effects, price effects, current account effects and the effect on the budget balance.
- In developing open economy with growing service sector, a change in the tax mix from income to consumption-based taxes is likely to provide a fruitful source of revenue.
- The proposed structure will simplify the procedure which will end up with equal opportunity for all the markets and in other hand will leads reduced tax evasion. It is preferred every economy must adopt GST or VAT at national level to make their economy attractive for foreign investors. By implementing GST, the developing economy like India can achieve sustainable and balanced development.

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## Goods and Services Tax: An Overview

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### Abstract :

“Goods and Service Tax” is a comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India. The proposed GST is a long pending and much awaited tax reform which India is hoped to iron out the wrinkles in the existing indirect taxation system. With GST it is anticipated that the tax base will be comprehensive, as virtually all goods and services will be taxable with minimum exemptions. It is a game changing reform for the Indian economy by creating a common Indian market and reducing the cascading effect of tax on the cost of goods and services. The GST has made the impact on the tax structure, tax incidence, tax computation, tax payment, tax compliance, credit utilisation and reporting ,leading to complete overhaul of the current indirect tax system. This comprehensive tax policy is expected to be one of the most important contributors to the India growth story.

**Key words:** - GST, Tax, Goods, Services

### Introduction:

Taxation policy plays an important role as a public policy instrument in furthering the attainment of the objectives of planned economic development. The tax policy essentially an instrument to archive the economic objectives that a nation has set before itself. The objectives of taxation policy reflect overall goals of planned economic development. To reduce inequalities in the distribution of income and wealth, to encourage investment in new capital goods, to channelize investment into those sectors which contribute the most of economic growth, to accelerate the tempo of economic growth and development of the country etc. are some of the objectives of taxation policy in India. India has a well- developed tax structure with clearly demarcated authority between central and state governments and local bodies. The tax regime in India has undergone elaborate reforms over the last couple of decades in order to enhance rationality, ensure simplicity and improve compliance. India has a federal system of Government with clear demarcation of powers between the central Government and State Governments. The tax structure in India consists of Direct taxes and Indirect taxes. The taxes constitute the main source of public finance. The Government raises revenue for public expenditure by imposing various taxes and playing an important role in all round development of the society.

### Objectives of the research paper:

The paper is attempted with following objectives

1. To study the history of GST
2. To study the need of GST
3. To study the features of GST
4. To Study the advantages of GST



### History of GST:

An empowered committee was set up by Atal Bihari Vajpayee government in 2000 to streamline the GST model to be adopted and to develop the required backend infrastructure that would be needed for its implementation.

On 28 th Feb 2006, P. Chidambaram, the then finance minister, announced the target date for implementation of GST to be 1<sup>st</sup> April 2010 and formed another empowered committee of state finance ministers to design the road map. The committee submitted its report to the government in April 2008 and released its first discussion paper on GST in India in 2009.

The constitution (122 nd Amendment) Bill 2014 was introduced in the Lok Sabha by Finance Minister Arun Jaitley on 19 th Dec.2014, and passed by the house on 6 May 2015. In the Rajya Sabha, the bill was referred to a select committee on 14 May 2015. The select committee of the Rajya Sabha submitted its report on the bill on 22 July 2015. The bill was passed by Rajya Sabha on 3 rd Aug. 2016 and amended bill was passed by Lok Sabha on 8 th Aug. 2016. The bill after ratification by the states received assent from President Hon.Pranav Mukharji on 8 th Sep. 2016.

The act was passed in accordance with the provision of Article 368 of the constitution and has been ratified by more than half of the state Legislatures as required under clause (2) of the said article.

### Need of GST:

The introduction of GST is a significant step in the reform of indirect taxation in India. Amalgamating several central and state taxes into a single tax is cascading or double taxation, facilitating a common national market. The simplicity of tax is leading to easier administration and enforcement from the customer point of view, the biggest advantage is in terms of reduction of overall tax burden on goods, free movement of goods from one state to another without stopping at state borders for hours for payment of state tax or entry tax and reduction to paperwork to a large extent. The need of GST is for the following reasons:

1. In present taxation system it allows for multiplicity of taxes, GST is likely to rationalize it.
2. Excise, VAT, CST, Entry tax have the cascading effect of taxes, GST will replace existing taxes
3. In present taxation system many of the services are untaxed; GST will cover all the services.
4. GST will lead to credit availability on interstate purchases and reduction in compliance requirements.
5. GST provides greater certainty and transparency of taxes.
6. GST avoid double taxation to certain extent.

### Features of GST:

GST is a great reform in the taxation system in India in which all the indirect taxes levied by state and central government has abolished and one tax for nation is considered. The following were some of the features of GST:



1. GST is defined as any tax on the supply of goods and services other than alcohol for human consumption.
2. The power to make law in respect of supplies in the course of inter- state trade or commerce is vested only in the Union Government. States have the right to levy GST on intra state transactions, including on services.
3. Central taxes such as Central Excise Duty, Additional Excise Duty, Service Tax, Additional Customers Duty and Special additional Duty as well as State level taxes such as VAT or Sales tax, Central Sales tax, Entertainment tax, Entry tax, Purchase Tax, Luxury tax and Octroi are subsume in GST.
4. Provision for removing imposition of entry tax or octroi across India.
5. Uniform procedure for collection of both central GST and State GST is prescribed.
6. The tax payers are requiring to submitting the periodical returns in common format as far as possible.
7. Administration of GST is being the responsibility of GST council, which is the apex policy making body for GST. Members of GST council comprise central and state ministers in charge of finance portfolio.

#### **Advantages of GST to Indian Economy :**

GST has been envisaged as an efficient tax system. Under this system one tax for nation and thereby no discrimination in tax rates in various states in the country. The neutral implementation of GST leads for following advantages to Indian Economy.

1. Double taxation process decreases the production capacity of manufacturer their maximum level. GST will take care of this difficulty, it will reduce tax burden of manufacturer and foster growth through maximum production.
2. GST provides wider tax base which is useful for lowering tax rates and eliminating classification disputes.
3. Single taxation system eliminates different taxes and price of commodity will be reasonable.
4. Multiple tax system charged various taxes on goods or services by central and various state governments. Different state government charge different taxes and different concessions or exemptions state wise. The same commodity has different price in different state. GST have unified list of concessions or exemptions and fixed tax on goods or services and so same price in all states for same commodity. It has a significant impact of GST.
5. GST regime boost the "Make in India" programme as manufacturer will get input tax credit for capital goods. Due to this domestic production will increase and import of this capital goods will decrease and trade deficit will be positive for India.
6. In GST the compliance procedure having automation that are helpful to reduce errors and increase efficiency.
7. In GST there is harmonization of center and state tax administrations which are helpful for reduction of duplication and compliance cost.

#### **Concussion:**

Introduction and implementation of GST is the biggest tax reform in India. In the present scenario multi tax structure is applied in which various indirect taxes such as service



tax, Octroi, Central sales tax, State level sales tax, Excise duty, VAT. The GST is a single unified tax structure and unified market that will be favorable for consumer, Individual tax payer, Corporate and whole economy. GST implementation is eliminating all the indirect taxes levied by Central and State governments. The GST is most important contributor to the India's growth story. It would impact on the national economy, international trade, firms and consumers. "One nation One Tax" proves to be a game changer in a positive way and proves to be beneficial not only to the common man but to the country as a whole. The GST converting the country into a big single market. Before the GST different taxes imposed by central government and various state govt. therefore different prices in different state for the same commodity. After GST same price for same commodity on all the state. The boundary less flow of goods and services will occur across all states and Union territories in the country.

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## Impact of GST on SMES and Start-Ups

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### Abstract

According to the IBEF, India is a global production plant, and SMEs account for about 90% of its industrial facilities. The Indian government's "Make in India" campaign will promote the launch of GST. This paper based on the survey based on the effect of the implementation of GST on the start-up companies or SMEs in which the problems associated with the GST will be primary and it was concluded that a lot of people were still unable to understand the working of GST and they must make understand their customer also, most of the youngsters believe that with time all the problems were automatically solved, and the fair face of GST will always be profitable to everyone.

### Introduction

Goods and Services Tax (GST), is expected to be a momentous landmark scheduled to be rolled out on 1st July 2017. Hailed as the biggest indirect tax reform in India after Independence, it will replace the existing gamut of taxes like Service, VAT, and Excise with a single, unified countrywide tax. The sense of which is aptly conveyed by the Union Government's slogan for GST — 'One Nation One Tax.'

This move is expected to facilitate ease of doing business by simplifying the complexities associated with a multiple tax structure, leading to better compliance. Moreover, GST will not differentiate between goods and services and both will be taxed at a flat rate, greatly reducing tax evasion. GST has brought in 'one nation one tax' system, but its effect on various industries is slightly different. The first level of differentiation will come in depending on whether the industry deals with manufacturing, distributing and retailing or is providing a service.

Here, we examine some of the key positives and list out a few concerns that the implementation of GST is likely to bring about for SMEs, start-ups, and small businesses.

### Key Positives

- **Reduction of Tax Burden:** Any person selling goods and services, amounting to less than 20 lakhs in a financial year, will be exempted from GST. The limit is lower from the North-Eastern states with the amount fixed at 10 lakhs. The increase in threshold will exempt many small businesses from paying taxes.
- **A Level Playing Field:** Bigger companies 'stock transfer' goods to other states to avoid paying taxes on interstate movement. They leverage their sizable resources, infrastructure, and logistic setup to execute such moves and avoid paying Central Sales Tax. Small businesses on the other hand, are not capable of such manoeuvres and end up paying higher taxes. Under GST, the benefits of stock transfer will be negated, as these will also be taxed, thereby ensuring a level playing field.
- **Efficient Logistics:** Currently, logistics is a key challenge for start-ups and SMEs. The movement of goods across state borders and toll check posts results in higher



landing costs and delayed shipments. With GST, there will be no entry tax charged for goods sold or manufactured anywhere in India. There will be uninterrupted movement and faster delivery of shipments, that too at affordable costs.

- **Fixed Tax Rates for Composition Scheme:** After the recent rates revision, small businesses with a turnover of less than 75 lakh (revised from 50 lakhs earlier) can apply for the composition scheme. Under this scheme, the rates fixed are as follows: 1% for small traders, 2% for manufacturers, and 5% for restaurants. This is a good move as it will exempt small businesses from the compliance hassle and they will only need to focus on paying tax. These establishments will also not be required to undergo the three-stage filing process every month and will not be required to file their invoices electronically.
- **Lower Levy on Job work:** Heeding to the voices of the industry, the government has decided to lower the levy on job work from 18% to 5%. This reduction in taxation of services will benefit several sectors such as leather, textiles, printing and gems and jewellery.

### Key Concerns

- **Lower Exemption Limit for Manufacturing Units:** Presently, manufacturing units having a turnover of less than 1.5 crore do not have to pay any duty. Under GST this threshold is expected to be drastically reduced; according to some estimates as low as 25 lakhs. Doing this will bring many SMEs and start-ups under the tax net, thereby impacting their bottom-line.
- **The Composition Scheme:** Available for businesses with a turnover of less than 75 lakh, it provides some relief for small businesses with fixed tax rates. However, those who opt for this scheme cannot collect tax from customers. They will also have to pay for GST themselves and will also not be allowed to claim any input tax credit. Some states had demanded that the annual turnover be raised to 1 crore, but as of now the GST council decided to go with 75 lakhs. This cap was decided to avoid significant revenue loss. Having said that, this ceiling will be under review for the next 2-3 years and depending on how it performs, may also be revised.
- **Mandatory Registration For e-commerce:** Any business that is into e-commerce needs to be registered with GST, even if their turnover is less than 20 lakhs. This is an inconvenience to small businesses that are venturing into the online sales medium with a small budget and limited means.
- **GST Compliance Rating:** This is one of the biggest concerns for small and medium enterprises. According to GST law, the refund claims will be paid on merit basis/or the compliance rating of the registered taxpayer. For instance, if the compliance rating of a business is 100%, then the refund will be done immediately. This will affect the bottom-line of the SMEs as they'll have to allocate a committed resource to ensure timely compliance, else, their working capital will be stuck with the authorities as a pending input tax credit. Furthermore, any sale that the supplier declares in the online system will have to be validated by the buyer. If the supplier fails to furnish proper details, the buyer will not get tax credit for such goods. In this scenario compliance rating becomes even more pertinent as buyers more focused on getting input tax credits will prefer transacting with suppliers having a high compliance rating. This again will impact small business as they probably are the ones who'll have a low compliance rating.
- **More Manpower Required:** With GST, everything will be online and must be updated in real time. This would call for regular updating and on an annual basis 37 returns will have to be filed (three a month and one annually). The number of returns



will go up if the business is present in more than one state. For example, if the company is present in four states, the number of returns it will have to file annually will skyrocket to 148.

### Experimental setup for survey and analysis

The experimental set up was done targeting four types of dealers (based on their annual turnover). The data were analysed on 25 dealers as the type 4 category were very rarely agree to answer the questionnaire and the result was interrelated based on percentage and mean.

#### D1-Type 1 Dealers:

In this category we include the dealers which have annual income less than 20 lakh and do not fall in the GST.

#### D2-Type 2 Dealers:

In this category we include dealers which have annual income in between 25-75 lakh and opted GST composition scheme.

#### D3-Type 3 Dealers:

In this category we include dealers which have annual income in between 75 lakh-1.5 crores and do not opted GST composition scheme.

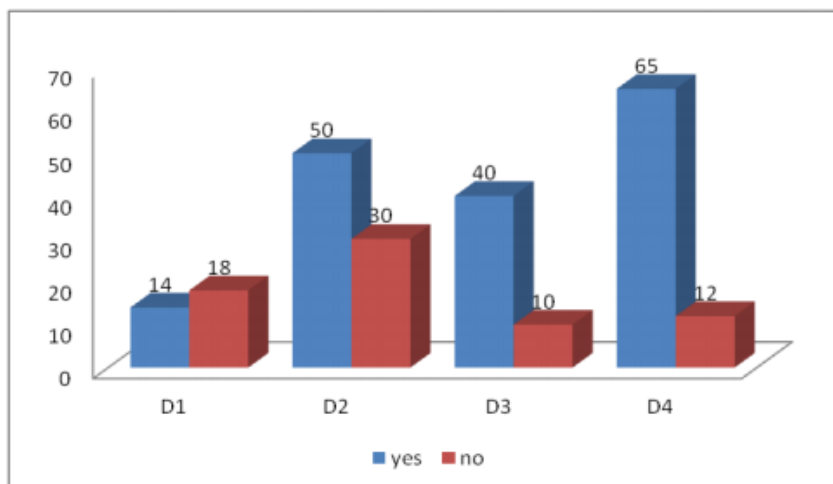
#### D4-Type 4 Dealers

In this category we include dealers which have annual income above 5 crores and has 8-digit HSN Code.

### Observations

**Table 1:** Dealer Satisfaction in % on Implementation of GST.

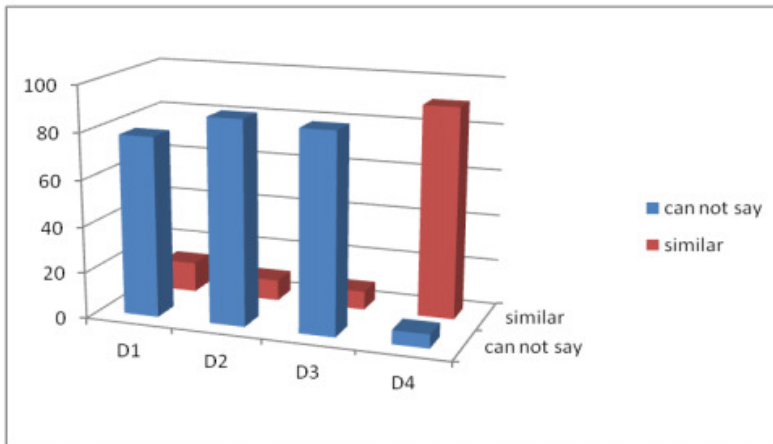
		Satisfaction Responses in %				Total
		Yes	No	Cannot say	Ambiguous	
<b>Below 20 lakh</b>	<b>D1</b>	14	18	48	20	100
<b>20-75 lakh</b>	<b>D2</b>	50	30	15	5	100
<b>75 lakh -1.5 crore</b>	<b>D3</b>	40	10	30	20	100
<b>5 crore and above</b>	<b>D4</b>	65	12	8	15	100



**Figure 1:** Dealer Satisfaction (Yes or No) in % on Implementation of GST.

**Table 2: Profit Increase or Decrease in % on Implementation of GST.**

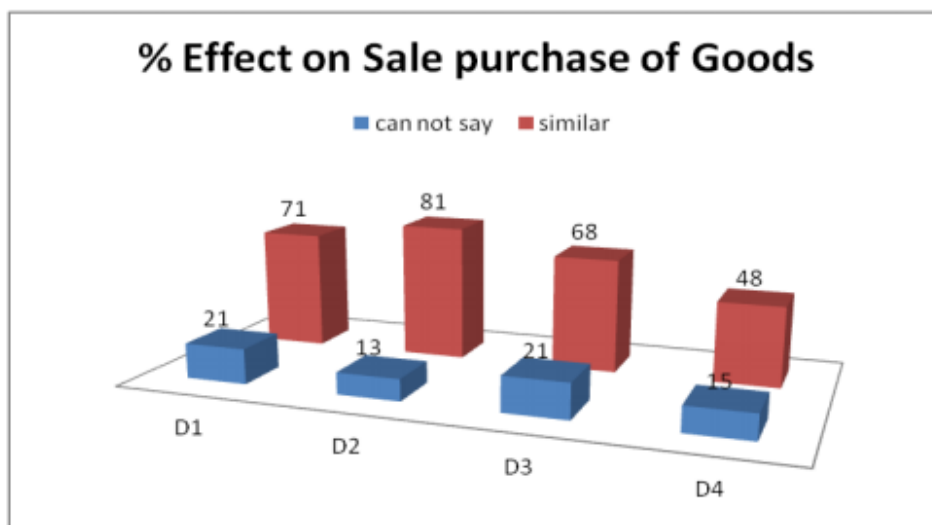
	Profit increase decrease in %				Total
	Increase	Decrease	Cannot say	Similar	
<b>D1</b>	7	2	78	13	100
<b>D2</b>	1	3	88	9	100
<b>D3</b>	4	2	86	8	100
<b>D4</b>	1	2	6	91	100



**Figure 2: Dealers response in Ambiguous state on Profit Increase or Decrease in % on Implementation of GST.**

**Table 3: Sale purchase of goods in % on Implementation of GST.**

	Sale purchase of goods in %				Total
	Sale	Purchase	Cannot say	Similar	
<b>D1</b>	4	4	21	71	100
<b>D2</b>	2	4	13	81	100
<b>D3</b>	3	8	21	68	100
<b>D4</b>	12	25	15	48	100



**Figure 3: Dealer response on Sale purchase of goods in % on Implementation of GST.**

**Table 4:** Troubles associated with Dealer on Implementation of GST.

	Troubles associated with GST			
	D1	D2	D3	D4
<b>Paper work</b>	88	73	45	51
<b>Registration</b>	48	52	41	28
<b>Unawareness of Clear Process</b>	35	35	35	12
<b>Customer satisfaction</b>	21	48	27	4
<b>Bargaining</b>	66	47	56	9



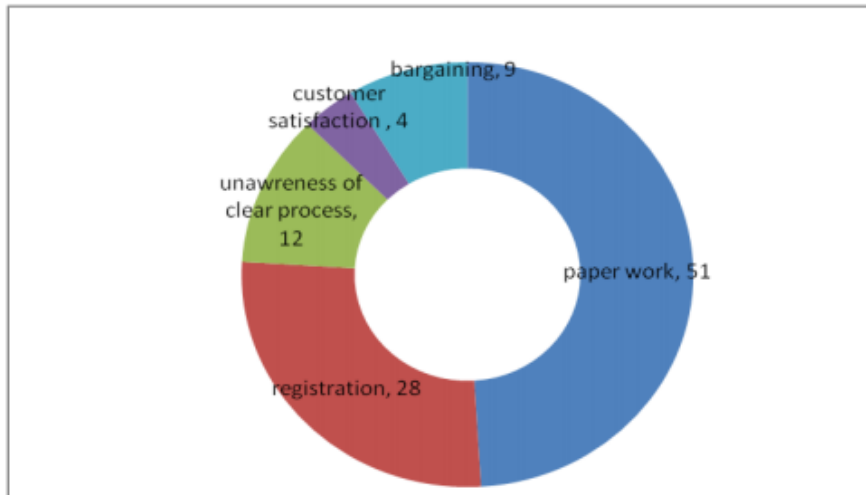
**Figure 4:** Troubles associated with Dealer (D1 Level) on Implementation of GST.



**Figure 5:** Troubles associated with Dealer (D2 Level) on Implementation of GST.



**Figure 6:** Troubles associated with Dealer (D3 Level) on Implementation of GST.



**Figure 7:** Troubles associated with Dealer (D4 Level) on Implementation of GST.

### Optimistic lookout

While it is too early for a verdict, GST seems to be a good move for the Indian economy and will create a healthy environment for growth. However, given the scale of the reform, it is undeniable that understanding and implementing GST will pose a short-term challenge for SMEs and small businesses. Experts believe that once the industry has recovered from the initial hiccups, there will be high compliance leading to more transparency and accountability, which is ultimately good for business.

The situation can be considered akin to the demonetization exercise from November 2016. What started with shock and admiration, soon turned into confusion and chaos. There were immediate challenges and lot of inconvenience was endured. However, soon we all got used to the cash-less modes and we started adapting to the new ways buying and selling. We can safely say that things are now streamlined.

Similarly, GST might seem like a lot of disruption in the short-term, but in the next two to three quarters, it should be business as usual.

### Conclusion :

With increased limits for registration, a DIY compliance model, tax credit on purchases, and a free flow of goods and services, the GST regime truly augurs well for the Indian start-up scene. Previously, many Indian states had different VAT laws which were confusing for companies that have a pan-India presence, especially the e-com sector. All of this has changed under GST.

Overall, the new tax proposals under GST will have a mixed verdict. In essence, the GST's effect on the entire Indian economy will have to be scrutinized in totality to reach a widely accepted conclusion.

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## An Impact of Goods and Service Tax on Indian Economy

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### Abstract

*GST also known as the Goods and Services Tax is defined as the giant indirect tax structure designed to support and enhances the economic growth of a country. More than 150 countries have implemented GST so far. However, the idea of GST in India was mooted by Vajpayee government in 2000 and the constitutional amendment for the same was passed by the Lok Sabha on 6th May 2015 but is yet to be ratified by the Rajyasabha. 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. The Goods and Services Tax Bill or GST Bill, also referred to as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, initiates a Value added Tax to be implemented on a national level in India. 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%.

Under this system, the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading of taxes- tax on tax paid on inputs that go into manufacture of goods .

In order to avoid the payment of multiple taxes such as excise duty and service tax at Central level and VAT at the State level, GST would unify these taxes and create a uniform market throughout the country. Integration of various taxes into a GST system will bring about an effective cross-utilization of credits. The current system taxes production, whereas the GST will aim to tax consumption.

### Experts have enlisted the benefits of GST as under:

- It would introduce two-tiered One-Country-One-Tax regime.
- It would subsume all indirect taxes at the center and the state level.
- It would not only widen the tax regime by covering goods and services but also make it transparent.



- It would free the manufacturing sector from cascading effect of taxes, thus by improve the cost-competitiveness of goods and services.
- It would bring down the prices of goods and services and thus by, increase consumption.
- It would create business-friendly environment, thus by increase tax-GDP ratio.
- It would enhance the ease of doing business in India.

### **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.

Chief Economic Advisor Arvind Subramanian on 4 December 2015 suggested GST rates of 12% for concessional goods, 17-18% for standard goods and 40% for luxury goods which is much higher than the present maximum service tax rate of 14%. Such initiative is likely to push inflation.

The proposed GST structure is likely to succeed only if the country has a strong IT network. It is a well-known fact that India is still in the budding state as far as internet connectivity is concerned. Moreover, the proposed regime seems to ignore the emerging sector of e-commerce. E-commerce does not leave signs of the transaction

Outside the internet and has anonymity associated with it. As a result, it becomes almost impossible to track the business transaction taking place through internet which can be business to business, business to customer or customer to customer. Again, there appears to be no clarity as to whether a product should be considered a service or a product under the concept of E-commerce. New techniques can be developed to track such transactions but until such technologies become readily accessible, generation of tax revenue from this sector would continue to be uncertain and much below the expectation. Again E-commerce has been insulated against taxation under custom duty moratorium on electronic transmissions by the WTO Bali Ministerial Conference held in 2014 .

Communication is considered to be necessity and one cannot do without communication. In modern times, communication has assumed the dimension of telecommunication



### **The proposed GST regime appears to be unfavorable for telecommunication sector as well**

“One of the major drawbacks of the GST regime could be the direct spike in the service tax rate from 14% to 20-22%” (GST: Impact on the Telecommunications Sector in India). The proposed GST appears to be silent on whether telecommunication can be considered under the category of goods or services. The entire issue of telecommunication sector assumes a serious proportion when India’s rural teledensity is not even 50% .

### **The proposed GST regime intends to keep petroleum products, electricity, real estate and liquor for human consumption out of the purview of GST**

It is a well-known fact that petroleum products have been a major contributor to inflation in India. Inflation in India depends on how the government intends to include petroleum products under GST in future. 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%.

### **The proposed GST regime “would be capable of being levied on sale of newspapers and advertisements therein”**

This would give the governments the access to substantial incremental revenues since this industry has historically been tax free in its entirety” . It sounds ridiculous but the provision of GST is likely to make the supervision of operations by its Board/senior managers across the company’s offices in different parts of the country a taxable service by allowing each state to raise a GST demand on the company. Again there appears to be lack of consensus over fixing the revenue rate as well as threshold limit. One thing is for sure, services in India are going to be steeply costly if GST is fixed above the present service tax rate of 14% which in turn will spiral up inflation in India. “Asian countries which implemented GST all had witnessed retail inflation in the year of implementation.

### **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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## **A Study of Impact of GST on Common Man in The Indian Scenario Perspectives**

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### **Abstract :**

Goods and Services tax is an indirect tax that is applicable throughout India and is replacing different taxes levied by the state and central government. This tax system would amalgamate several central and state taxes into a single tax and eradicate double taxation. It would enable the goods to move from state to another without any stoppage at state borders for payment of state tax and also reduce the paper work to the large extent. GST is applicable from 1st July 2017. The various indirect taxes like entertainment tax, central excise duty, service tax, octroi, and value added tax, central sales tax, etc. would be replaced by the single tax system-GST. Every business has to file 3 returns per month, i.e. 36 returns and one annual return that means 37 returns in a year if you are dealing in a single state. This number would increase accordingly if you were trading in more than one state. The businessmen and companies will have to change their accounting system, which may involve one-time investment costs. Some products that are kept under the lower brackets will be benefitted while some will suffer a lot due to their placement in higher brackets. The prices of those items will increase tremendously. There are some benefits of GST in India. The tax structure will be made lean and simple. The entire Indian market will be under single umbrella about taxation. It can bring more transparency and good compliance. Number of departments (tax departments) will reduce which in turn may lead to less corruption. More business entities will come under the tax system which would lead to more revenue tax collections. Companies under unorganized sector will come under tax regime. The implementation of GST will have mixed effects on the different sectors of Indian economy. There are some sectors that would get benefitted from GST in India. Automobile sector GST is a significant cost saver for this industry. The transportation time and overall cost for interstate transfer of goods will be cut down which will ultimately reduce the cost by 8-10%. Cement industry overall tax incidence for the sector will come down if GST rate is fixed at 18%. Reduction of effective rates and supply chain costs will bring tangible benefits to the cement industry at large. Logistics GST will result in lower transit time, which will ultimately generate high truck utilization. Facilitation of uninterrupted flow of goods from one state to another will directly accelerate demand for logistics services. FMCG sector there is a mixed bag response in FMCG sector. Those sector affect directly or indirectly on the Common Man.

**Key Words-** Goods and Services Tax, Common Man, Indian Economy etc.

### **Introduction:**

It is very difficult to evaluate the impact of the GST on Indian Economy, GDP and overall. Sometime should be spent for the assessment of its true impact. But it is very easy to study the impact of GST on the common Man.



Here in India, the maximum population is of the **middle class and lower middle class** where people either belong to service class or they depend on agriculture for their living. In this scenario, the most important question is what will be the impact of GST on a common man or a middle-class family. There are lots of question in the mind of a common man in these days such as: Is there anything new for him or it's like an old material in a new package? Is there any tax relaxation for him in new tax provisions or it will increase the prices of goods and services for him? After GST, there is a single tax provision in the supply chain where each person is able to take tax benefit of all the taxes which he already paid and eventually the prices become low. As well as he will come to know that how much tax he is paid on goods and what is the actual value of his goods.

There is better tax administration facility in GST so manipulation in taxes is not possible. GST has a wider scope so it will cover a maximum number of assessee so at each stage tax benefit will generate and at the end consumer get benefit for this. For the general public, there is the actual impact of any economy is when the prices of their necessity become affected. For public in large when prices become low for the day to day goods and services which are consumed, the economy is good otherwise if the **inflation rate is higher**, then the public gets unsatisfied with the changes done by the government. For any government policy, it is important that the satisfaction in public should be there as without satisfaction the policy will not succeed in the same way in which government planned. Here we are trying to understand the new GST from current taxation system of India. In the previous tax regime, we pay indirect tax on each and every service which we consume and that which is already taxed at the different point of time.

Common Man it means middle man India. Standard of living in India varies from state to state. With one of the fastest growing economies in the world, clocked at a growth rate of 7.6% in 2015, India is on its way to becoming a large and globally important consumer economy. According to Deutsche Bank Research, there are between 30 million and 300 million middle-class people in India. If current trends continue, India's share of world GDP will significantly increase from 7.3 in 2016 to 8.5 percent of the world share by 2020. In 2011, less than 22 percent of Indians lived under the global poverty line, nearly a 10 percent reduction from 29.8 percent just two years prior in 2009. According to NCAER, India's middle class population would be 267 million in 2016. Further ahead, by 2025-26 the number of middle class households in India is likely to more than double from the 2015-16 levels to 113.8 million households or 547 million individuals. Another estimate put the Indian middle class as numbering 475 million people by 2030. It is estimated that average real wages will quadruple between 2013 and 2030. The standard of living in India shows large disparity. For example, there is widespread poverty in rural areas of India, where medical care tends to be very basic or unavailable, while cities boast of world class medical establishments. Similarly, the very latest machinery may be used in some construction projects, but many construction workers work without mechanization in most projects. However, a rural middle class is now emerging in India, with some rural areas seeing increasing prosperity. In general, the southern Indian state of Kerala ranks top for most of the indices.



### **Objectives of the Study**

There are following objectives of the study:-

1. To study the concept of GST
2. To study the GST in the current scenario
3. To study the impact of GST on common man in India.

### **Limitation of the Study**

There are following limitations of the study-

1. The study is restricted to Goods and Services Tax only.
2. The study is focused only on impact of GST on common man in general
3. The study is based on secondary data only due to short time for the study.

### **Methodology of the Study**

For this study purpose the primary discussions with academician, Chartered Accountants, Common man, in general and only secondary data about the GST taken into consideration. In short study based on secondary data only.

### **Impact of GST on Common Man**

After adjustment in several taxes before Goods and Services Tax, the aftermath holds tax relief especially because there will be a reduction in prices for FMCG products such as chocolates, shampoos, also small cars, booking air tickets, DTH etc. Eating out may also become cheaper, as earlier the service tax and VAT together made dining out experiences quite heavy on the pocket. Now VAT is applicable only on places that allow alcoholic drinks. Otherwise, GST has replaced service tax. On the other hand, there will be increase in prices for luxury cars, gold, textiles, aerated beverages, and tobacco. In terms of prices, services would be more expensive at the onset of GST. However, in the long run, benefits of GST will kick in terms of reduction in inflation and higher input credits, thus, bringing down most of the prices for goods and services.

The tax rate for services has increased from 15% to 18%. Thus, in short-run, the common man will encounter 3% rise in service prices, but also benefit from GST in the following ways:

1. **Real Estate:** Purchases an under-construction property of Rs. 50 lakh. The earlier tax regime would have asked for 5.5% tax levy (both service tax and VAT). However variation in taxes was seen from state to state. Post-GST, the tax rate is 12%, resulting in inflation at the start. If anyone purchases a ready-to-move-in property, which has completion certificate, the taxation will remain steady; as these properties are do not come under GST.
2. **Banking and Insurance:** There is an increase in service tax by 3%. The service tax on banking service and insurance was pegged at 15%, which is now replaced by GST of 18%.
3. **Cab Expenses:** When we takes Uber or OLA ride, which costs him Rs. 100. The service tax otherwise pre-GST applicable on the fare would have been 6%, but after GST it is 5%. A marginal difference in cab expenses is seen.



4. **Holidays:** When common man stays in a hotel and the stay for a day-night costs her Rs. 5000. The pre-GST period, would have included service tax + luxury tax, ranging between 19% and 25% as per the state luxury tax. Thus, the total tax amount would have ranged between Rs. 1000 and Rs. 1250. After GST, any tariff over Rs. 7,500 will attract 28% tax, thus causing tax amount to be Rs. 2,100. Thus, higher tier hotels would be more expensive for people. Post GST, hotels charging tariff between Rs. 1,000 and Rs. 2,500 will attract 12% GST and tariff between Rs. 2,500 and Rs. 7,500 will attract 18% GST. Thus, lower tier hotels would be cheaper for customers.
5. **Restaurant Bills:** Before GST was applicable, common man visited a restaurant and bought a meal of Rs. 1000, with an applicable VAT of 12.5%, service tax as 6%, thus the total excess to be paid over 1000 rupees, was Rs. 185. But, after GST implementation, the tax on the bill accounts for 18%, which means, the tax amount on Rs. 1000 bill would be Rs. 180. Thus, there is no substantial difference in pricing here.
6. **Air Travel:** common man travels in domestic economy class on airfare of Rs. 1,000. Under previous tax regime, the service tax would have been 6%, thus raising the ticket cost to 60 additional rupees. But, under GST, there is 1% reduction, thus the tax will amount to 5%, creating a minor difference in air travel cost. But, for those travelling in business class, the tax has been increased to GST 12% from earlier 9% of service tax.
7. **Household Expenses:** Under GST regime in India, food prices fall within 0% to 5% tax, thus food prices are not likely to increase. FMCG products (toothpaste, soaps, tissue papers, shampoos, packaged food, pharmaceutical items, coolers, television etc.), have the potential to become cheaper. However, services such as dry cleaning, saloon, and telecommunication can witness a rise in prices due to increased taxation.

The above examples will help you understand the impact of GST on common man in a simpler manner. The impact on pricing due to additional credits and reduced cost of supply are two separate aspects. Goods and services tax shall bring greater transparency in taxation regime in India and enhance compliance levels for creating common playing field for businesses and levelling the central and local taxes accountably. GST has definitely changed the earlier tax regime taxation, which was production-based, to now-consumption based system. The common man, in the long-run would be benefited from GST in terms of infrastructure and economic growth of the country, and a lot more.

### **Conclusion :**

Over the next 20 years, India will likely grow to become the world's fifth-largest consumer economy. By one of the study suggests that if India can achieve 7.3 percent annual growth a reasonable assumption if economic reforms continue consumer spending will quadruple, from about 17 trillion Indian rupees (\$372 billion) in 2005 to 70 trillion rupees in 2025. The dramatic growth in India's middle class, from 50 million to 583 million people, will power this surge. Spending patterns will shift dramatically as expenditures grow rapidly on discretionary items ranging from personal products to consumer electronics. Incumbents will have to fight to retain their market dominance, while attackers could find lucrative ways to exploit the evolving tastes of India's massive new middle class. Goods and Services Tax will be a very noteworthy step in the field of indirect tax reforms in India. By merging a large number of Central and State



taxes into a single tax, GST is expected to significantly ease double taxation and make taxation overall easy for the industries. For the end customer, the most beneficial will be in terms of reduction in the overall tax burden on goods and services. GST will also make Indian products competitive in the domestic and international markets. Last but not least, the GST, because of its transparent character, will be easier to administer. Once implemented, the new taxation system holds great promise in terms of sustaining growth for the Indian economy.

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## GST In India

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### Introduction :

The single biggest tax reform- the Goods and Services Tax (GST) in the history of the nation has now become a reality. India's tax regime witnessed an overhaul at midnight when the Narendra Modi government launched the Goods and Services Tax (GST) in the Central Hall of Parliament at 12 AM. The Central Hall was packed with top dignitaries including Prime Minister Narendra Modi, his Council of Ministers, President Pranab Mukherjee, Lok Sabha Speaker Sumitra Mahajan, Vice President Hamid Ansari, BJP president Amit Shah. for the GST launch event which started at 11 PM on Friday night.

### Objective Of study:

The study has following Objectives:

1. To cognize the concept of GST
2. To study types of levies in GST
3. To study the advantages of GST.
4. To study the disadvantages of GST.

### Research Methodology :

This paper is completed based on secondary data.i.e. reference books, recently published journals, magazines, articles, newspaper and online database.

### What is GST:

GST is one indirect tax for the whole nation, which will make India one unified common market. It is a multi-stage, destination-based tax that will be levied on every value addition. The tax regime which was initiated by the UPA government has been put into force by the Narendra Modi government tonight. GST is believed to replace the current indirect tax system and will replace a mix of more than a dozen state and central levies built up over seven decades with a one national GST.

### Types of GST:

There would be three different types of levies in GST:

**CGST:** SGST would be leviable along with CGST on the supply made by a registered person within a State.

**SGST/UTGST:** Just as SGST is leviable along with CGST on the supply made by registered person within a State, UTGST would be levied along with CGST on the supply made by a registered person within a Union Territory.

However, in no case, both SGST and UTGST would be leviable on an invoice of supply of goods or services or both. It would either be SGST or UTGST along with CGST would be leviable on the invoice.

**IGST:** IGST would be leviable on Import or Inter-State supply of goods or services or both. IGST would be equivalent to sum total of CGST and SGST/UTGST.



### **Advantages of GST Tax**

**1. Simplicity at its Best** – Goods and Service Tax (GST) will replace the existing form of indirect tax in the nation. It will prove a substitute for the 17 indirect laws pertaining to the nation and will subsidize it with the new GST Tax. That shall come across as a simpler term to envision.

**2. Boosting of Revenue** – Think of it, with the new GST in the nation, there won't be more of an evasion as what is happening with the current tax laws. Such simpler term of taxation will make more suppliers in a mood to pay the tax amount which in turn marks the boost in revenue levels.

**3. Lesser cost of Logistics and Inventory** – As the GST tax will mark the end of 17 other indirect laws, there won't be much of logistics and inventory costs as of now. Also, the slow movement across the state levels of goods carrier will be stopped with the transit speed increasing ten fold. As per one of the surveys conducted recently, it has been estimated that the Indians will be able to save almost about Rs 2300 crore which is spent at the various check post at the border of the state.

**4. Quite an Investment Boost** – As is the norm with the current tax laws in India, there isn't any input on capital goods. But with the new GST Tax laws, one can avail input tax credit on the capital goods. That way, the investment might surge up quite a bit with 6% increase.

**5. Lift for the Lesser Developed States** – The normal rules stay put as the 2% interstate-levy with the major chunk of production kept within the state itself. However, with the change in rules, the tax amount can be dispersed across the nation to offer a greater lift for the lesser-developed

**6. Standardization** – Many countries follow a GST Tax regime and the new tax will make it easy for everyone to understand the bill. People have already started verifying the bills at restaurants and other retail outlets for the right tax. Earlier, there were many cases of people being charged inappropriately and this has ended with GST.

**7. Transparency and Less Corruption** – GST will also lead to less corruption and there will be a significant reduction in corruption as all the money spent needs to be reported for the taxation purpose. Moreover, the retailer would not be able to make sales without the bill hence the cases of income tax evasion will also reduce a lot.

**8. Cheaper cars and Phones** – This advantage is totally for the consumers who are planning to buy car or phones. The overall tax rate has been reduced by at least 2 percent and the car price of most of the cars have been reduced. Another such impact is on phones and Apple recently reduced the phone of the price by as much as 7.5%.

**9. Boost to GDP** – In one of the studies conducted by HSBC, the GST would have a positive impact on GDP of the country and the GDP of the country will increase by at least 80bps which translate to 0.80%. This is surely a great help to the targets set by Modi Government.

### **Disadvantages of GST Tax:**

**1. Would impact the Real-State Market** – GST Tax would swell negative remarks on the real-estate as perceived, GST will increase the cost of the new homes by 8% which in turn will cease the demand by 12%.

**2. Old Wine in a New Bottle** – According to the experts, terms such as GST which includes CGST, SGST, and IGST is nothing but just a new name in accordance with the existing tax systems. Kind of old wine in a new bottle.



**3. Costlier Service** – The current Service Tax stands at 15% as of now which will increase to 18%-20% when GST is levied. As such many services will be on the costlier side with telecom, airline and banking affected majorly. In fact, insurance and petroleum are also said to be majorly affected by the enactment of GST Tax.

**4. Complexity for the Businessmen** – According to the proposal of the GST Tax, the control on business will be rendered to Central and State Governments with businessmen binding by-laws. As such complexity may arise for many businessmen across the nation.

**5. Income Tax Credit Mismatch** – As the change in tax guard will take place, the first few instances of application would mean high tax paying at the start. That said, they will only be able to exercise the tax input on the latter stages when the loop is exercised. With that in place, there would be ITC mismatch during the early uses of GST Tax.

**6. Disability Tax** – Opposition has called it as a Disability Tax as many of the things related to disabled people which were earlier Tax-Free are now included in GST Taxation. Prior to implementation of GST, brail paper, typewriter, hearing aid and motorized wheelchair were tax-free whereas these things are being taxed now. Opposition have made pleas to roll back the tax on such items

**7. Expensive Banking and Insurance** – On one end, Modi government is trying to give a push to banking services and insurance in India and on another side of the picture, the government has decided to tax banking and insurance service at higher rates when compared to the previous rates

**8. Impact on Discounts** – GST has also had an impact on discount and reward programs as well. The product is being taxed on the rates pre-discount whereas the products were earlier taxed at post discount prices. Most of the companies have also suspended reward programs for temporary basis because of complexities of GST

**9. Mid-Year Launch** – Government has chosen a mid-year launch for GST and this will lead to problems in taxation and reporting during the end of the financial year. Ideally, the government should have launched GST at end of financial year as this would have avoided a lot of confusion during taxation and reporting.

**10. Registration in the Many States Required**–As per GST, the seller would require registering in all the states that it does business in and that would increase the complexity for the seller. The government should have created a provision for centralized registration of State GST as this would have helped many sellers during the roll out.

### Conclusion:

There are approx. 160 countries where GST has already been implemented. India have been include GST implemented countries queue. The government is trying to smoothen the road It is important to take a leaf from global economics that have implemented GST before us, and who overcame the teething troubles to experience the advantages of having a unified tax system and easy input credits.

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## Impact of GST on Indian Economy

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### Abstract :

*GST the biggest tax reform in India founded on the notion of one nation, one market, one tax took place. The movement that the Indian government was waiting for last fifteen year has arrived. The single biggest indirect tax regime had kicked into existence, avoiding all the interstate hurdles with respect to trade. The GST roll out, with single stroke has converted India into a unified market of 1.3 billion citizens. Fundamentally the dollars 2.4 trillion economy is attempting to transform itself by doing away with the internal tariff barriers and subsuming central, state and local taxes into a unified GST. It will be influenced various sectors of economy. But it is an important step towards tax system of India. In long term it would be more beneficial to grow economy with transparency, sustainability and tax discipline.*

**Key words:** GST, GDP, Economy

### Introduction: -

The introduction of GST to replace the existing multiple tax structure of centre and state taxes is not only desirable but imperative in the emerging economic environment. The GST will bring harmonization in direct taxation system in India. In the GST both the cascading effect of CENVAT and service Tax are removed with setoff and a continuous chain of set off from the original producers point and service providers point up to retailers level world be established in GST taxes are levied on single point as against on multiple stages in present taxation system. This will bring more transparency and administration of Taxes.

India is emerging as a manufacturing hub and our economy is more globalized now. There are various trade agreements, treaties have been signed by India in various parts of be world. The Indian companies are spreading their areas of operation in all over the wor5ld. There is demand o free import all over the world. So we need a simple and single nationwide taxation system, to empower our trade and industries to compete with international traders.

### History of GST Bill :

1. Amaresh Bagachi report 1994 – suggest that the introduction of value added Tax (Vat) will act as not for implementation of GSt in India.
2. Ashim Dasgupta 2000- empowered committee, which introduces VAT system in 2005. This has replaced old age taxation system in India.
3. Vijay Kelkar Task force 2004 – it strongly recommended that the integration of indirect taxes into the form of GST in India indirect Taxes into the form of GST in India



4. Announcement of GST -- the union Govt, first time in union budget 2006-07 announced that the GST would be applicable form 1<sup>st</sup> Apr 2010.
5. Government has formed various joint working groups of state finance ministers.
6. Task force of Finance Ministers has submitted their report in Dec, 2009 on structure of GST in India-
7. Govt. of India has issued first discussion paper in Nov 2009
8. 115<sup>th</sup> amendment of constitution Bill introduced on 22th mar, 2011, and same was referred to parliamentary standing committee on fiancé to discussion
9. State Govt. and empowered Committee (EC) was constituted in Nov -12
10. Mar, 2014 – The amendment of 115 bill has lapsed in 2014 and was replaced with constitution 122<sup>nd</sup> Amendment Bill 19<sup>th</sup> June,2014.
11. The Govt. of India has introduced constitution 122<sup>nd</sup> Bill on 19<sup>th</sup> June, 2014, the Lok Sabha has passed the bill on 6the May, 2015
12. GST Bill passed in raja Sabha on 3<sup>rd</sup> Aug, 2016
13. In Mar, 2017 GST council finalizing the GST rule rates.
14. 1<sup>st</sup> July, 2017 GST Launched.

### **Conceptual clarification**

It is a destination based tax in consumption of goods and services. It is proposed to be levied at all stages right from manufacture up to final consumption which credit of taxes aid at previous stages available as setoff. 00 value addition will be taxed and burden of tax is to be borne by the final consumer.

New article 366 (12A) of the Indian constitution, defines goods and service Tax (GST) to mean a tax on supply of goods or services, or both, except taxes on supply of alcoholic liquor for human consumption. It is noted also that the word supply is used and not sale Thus in many cases, free supplies will be subject to GST.

IGST- Interstate stock transfers and branch transfers will also be subject to GST that is IGST will be payable thereon. For stock transfers and branch transfers within the state, CGST, SGST will be payable only where the taxable person has more than one GST registration within the state. In case of single registration within the State, Delivery challan will be sufficient and no payment of GST is required.

Further no GST will be payable if goods are sent for job work outside the factory New article366 (26A) defines service to mean anything other than goods.GST is a consumption based tax based on VAT principle. GST will be payable in the state in which gods and services or both are finally consumed. Exports are not taxable, because the place of consumption is outside India. Imports are taxable, because the place of consumption is in India. GST is based on VAT system of allowing input tax credit of tax paid on inputs, input services and capital goods, for payment of tax on output supply Thus, the states from which goods are supply will not get any tax as goods are consumed in another state.

### **GST and India--Goals of implementing GST –**

- It will reduce cascading effect of taxes.
- Compliance cost will reduces.
- Few numbers of rates.
- Time saving due to cell of entry , octri taxes



- Reduction of corruption
- simplification of tax collection and administration
- Lower Burdon of taxes on end consumers.
- Give edge to the industry on their foreign competitors
- Easy flow of resources across the country.
- Reduction in inflation.
- Widening tax base and tax collection of central as well s states.

#### **The GST replaces the following tax**

- State Vat
- Central Sales Tax
- Luxury Tax
- Entry Tax
- Entertainments and Amusement Tax
- Taxes on advertisements
- Purchase tax
- Taxes on surcharges and cesses so for as they relate to supply of goods and services

#### **Proposed benefits**

- a. Increased FDI - The flow of FDI investment may increase and press GST complicated the laws are one of the reasons foreign companies are way of coming to India in addition to wide spread corruption.
- b. Growth in Govt. Revenue :- It is estimated that India could get revenue of 51 dollars billion per annum by implementing the GST as it would promotes, raise employment and boost growth
- c. Tax uniformity benefits: - uniformity in tax laws will lead to single point taxation for supply of gods and services all over India. It would be help to increase tax compliance and more assesses will come into tax net
- d. Tax simplification – It is me important benefit that tax system in India would be simplified through RST regime, It should help to tax payers
- e. Increase in export and employment: - GST could also result in increased employment, promotion of exports and consequently a significant boost to overall economic growth and factors of production laud labour and capital.
- d. GST also removes the custom duties applicable on export

#### **Recent Impact on G.D.P**

- ❖ In current year, 2017-18 and its first Quarter result published by CSO and it clarified that, First advance estimate for Indian/ GD growth rate in 2017-18 has 5.7 percent projection for the entire fiscal showed that the nominal GDP calculated at market prices Is expected to grow at 9.5 percent, which is lower than 11-75 percent estimated in union budget
- ❖ Because the traders confused about the GST, so they stop or postponed their demand to wholesalers, automatically, demand has fallen it affected industrial production.



- ❖ Business going into a de-stocking mode on inventories in anticipation of the GST rollout from July and sluggish manufacturing growth pulled down the India economy growth during the first Quarter.
- ❖ CSO data showed that in the first half of the financial year the economy grow at 6 percent.
- ❖ According the statement issued by the NITI Aayog, economic activity had been picking up over the last three quarters to strengthen in coming period
- ❖ GST has directly affected on inflation which in Indicate that
- ❖ Hike Retail inflation surged to a 15 month high of 4.9 percent in Nov from 3.6 % in Oct remaining below 4% for 12 consecutive months.
- ❖ Remarks of the various analysts –
- ❖ Most analysts expect economic growth to pick up in 2018, helped by a global recovery and a domestic manufacturing rebound
- ❖ RBI experts economic growth, measured by gross value added (GVA) to pick up to 7 percent in the DEC, 2017 Quarter and 7.8% in the mar-Quarter
- ❖ Recent indicators of exports, core sector data and the Manufacturing Managers Index indicate n economic recovery is underway
- ❖ In top of it the Govt. has been expanding its spending and decided to borrow

#### **Findings –**

- GST helps to reduce tax burden on producers and foster growth through more production
- A single taxation system could eliminate this roadblock for traders
- A single taxation producers would also translate into a lower final selling price for the consumer
- GST would widening tax base

#### **Conclusion-**

The new tax regime will force many companies to restructure their operations. The introduction of GST would be very noteworthy step in the field of indirect tax reform in India. GST holds great promise in terms of sustaining growth for the Indian economy. It is a revolutionary step towards taxation; it will be affect positive impact in long term.

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## Impact of Goods and Service Tax on Indian Economy

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### Introduction:-

Goods and Services Tax (GST) is an indirect tax which was introduced in India on 1 July 2017 and was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017,<sup>[1]</sup> following the passage of Constitution 122nd Amendment Act Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12%, 18% and 28%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold.<sup>[2]</sup> In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.<sup>[3]</sup> GST replaced a slew of indirect taxes with a unified tax and is therefore set to dramatically reshape the country's 2 trillion dollar economy.

### Objectives of the Study:-

Following are the objectives of the study.

1. To study the concept of GST.
2. To study impact of Goods and Service Tax.
3. To understand the impact of Goods and Service Tax.

### Methodology:

For this study secondary data is collected. Various reports, articles from Journals, and Newspaper along with the opinions from the experts are used to prepare the paper.

### Meaning & Concept of GST:-

1. “The **Goods and Services Tax** (GST) is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services.”
2. “Goods and Services Tax (GST) is a value-added indirect tax at each stage of the supply of goods and services precisely on the amount of value addition achieved. It seeks to eliminate inefficiencies in the tax system that result in ‘tax on tax’, known as cascading of taxes. GST is a destination-based tax on consumption, as per which the state’s share of taxes on inter-state commerce goes to the one that is home to the final consumer, rather than to the exporting state. GST has two equal components of central and state GST.”

### Types of GST:-

1. CGST:- CGST stands for central GST  
These is applicable on supplies within the state  
Tax collected will be started to centre



2. SGST :- SGST stands for state GST  
These is applicable on supplies within the state  
Tax collected will be started to centre
3. IGST:- IGST stands for integrated GST  
These is applicable on interstate and import transaction  
Tax collected is started between centre and state

### **Impact of Goods and Service Tax:-**

#### **1. Food Industry:-**

The application of GST to food items will have a significant impact on those who are living under subsistence level. But at the same time, a complete exemption for food items would drastically shrink the tax base. Food includes grains and cereals, meat, fish and poultry, milk and dairy products, fruits and vegetables, candy and confectionary, snacks, prepared meals for home consumption, restaurant meals and beverages. Even if the food is within the scope of GST, such sales would largely remain exempt due to small business registration threshold. Given the exemption of food from CENVAT and 4% VAT on food item, the GST under a single rate would lead to a doubling of tax burden on food.

#### **2. Housing and Construction Industry:-**

In India, construction and Housing sector need to be included in the GST tax base because construction sector is a significant contributor to the national economy.

#### **3. FMCG Sector:-**

Despite of the economic slowdown, India's Fast Moving Consumer Goods (FMCG) has grown consistently during the past three four years reaching to \$25 billion at retail sales in 2008. Implementation of proposed GST and opening of Foreign Direct Investment (F.D.I.) are expected to fuel the growth and raise industry's size to \$95 Billion by 201835.

#### **4. Rail Sector:-**

There have been suggestions for including the rail sector under the GST umbrella to bring about significant tax gains and widen the tax net so as to keep overall GST rate low. This will have the added benefit of ensuring that all interstate transportation of goods can be tracked through the proposed Information technology (IT) network.

#### **5. Financial Services:-**

In most of the countries GST is not charged on the financial services. Example, In New Zealand most of the services covered except financial services as GST. Under the service tax, India has followed the approach of bringing virtually all financial services within the ambit of tax where consideration for them is in the form of an explicit fee. GST also include financial services on the above grounds only.

#### **6. Information Technology enabled services:-**

To be in sync with the best International practices, domestic supply of software should also attract G.S.T. on the basis of mode of transaction. Hence if the software is transferred through electronic form, it should be considered as Intellectual Property and regarded as a service. And if the software is transmitted on media or any other tangible property, then it should be treated as goods and subject to G.S.T.<sup>35</sup> According to a FICCI



Technopak Report. Implementation of GST will also help in uniform, simplified and single point Taxation and thereby reduced prices.

#### **7. Impact on Small Enterprises:-**

There will be three categories of Small Enterprises in the GST regime. Those below threshold need not register for the GST. Those between the threshold and composition turnovers will have the option to pay a turnover based tax or opt to join the GST regime. Those above threshold limit will need to be within framework of GST. Possible downward changes in the threshold in some States consequent to the introduction of GST may result in obligation being created for some dealers. In this case considerable assistance is desired. In respect of Central GST, the position is slightly more complex. Small scale units manufacturing specified goods are allowed exemptions of excise up to Rs. 1.5 Crores. These units may be required to register for payment of GST, may see this as an additional cost.

#### **Conclusion:-**

GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST is leviable on all supply of goods and provision of services as well combination thereof. All sectors of economy whether the industry, business including Govt. departments and service sector shall have to bear impact of GST. All sections of economy viz., big, medium, small scale units, intermediaries, importers, exporters, traders, professionals and consumers shall be directly affected by GST. One of the biggest taxation reforms in India the Goods and Service Tax (GST) is all set to integrate State economies and boost overall growth. GST will create a single, unified Indian market to make the economy stronger. Experts say that GST is likely to improve tax collections and Boost India's economic development by breaking tax barriers between States and Integrating India through a uniform tax rate. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions.

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## **Impact of GST on Agriculture Sector in India**

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### **Introduction:**

Agricultural sector has been the root of Indian economy and it contributes to around 17.4 per cent to GDP. About 52 per cent of the total rural livelihood depends on this sector as their primary means of livelihood, so it is important to study the impact of GST on the Agriculture sector. GST Tax is important for agriculture sector, GST will have both positive and negative effect on Agriculture. Mainly, The impact of GST on agricultural sector is foreseen to be positive. The agricultural sector is the largest contributing sector the overall Indian GDP. One of the major issues faced by the agricultural sector is the transportation of agriculture products across state lines all over India. It is highly probable that GST shall resolve the issue of transportation. GST may provide India with its first National Market for the agricultural goods. Special reduced rates should be declared for items like tea, coffee, milk under the GST. GST is expected to create a business friendly environment, as price level and inflation rate go down. The implementation of GST is expected to bring uniformity across states and centre which would make tax support policy of a particular commodity effective. This research paper is helpful in bringing out the light on Impact of GST on Agriculture Sector.

### **Purpose of the study:**

The main purpose of present study is investigating the impact of Goods and Service Tax on Agriculture Sector.

### **Objectives:**

1. To study about Goods and Service Tax and its impact on Agriculture Sector.
2. To examine the impacts on Agriculture Sector.

### **Methodology:**

The study was designed to investigate the impact of Goods and Service Tax on Agriculture Sector and examine the input-side Impact and output side impacts on Agriculture. With the help of secondary concrete tools and reference books used for try to reach towards the conclusion. The study is based on secondary data and it is of descriptive type.

### **Analysis of Impact of GST on Agriculture Sector in India**

GST changes tax scale also in agriculture sector. GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. GST would also help in reducing the cost of heavy machinery required for producing agricultural commodities. Under the model GST law, dairy farming, poultry farming, and stock breeding are kept out of the definition of agriculture. There are following impacts on Agriculture Sctor.

1. Dairy farming and poultry farming are specifically kept out of the definition of Agriculture; hence it seems that these will be taxable under GST regime.



2. The mere cutting of wood or grass, gathering of fruit and raising of man-made forest or rearing of seedlings or plants have also been specifically kept out of the definition of Agriculture, hence it seems that these will be taxable under GST regime.
3. However an agriculturist, for the purpose of agriculture is not required to register under GST but A better supply chain mechanism would ensure reduction in wastage and cost for the farmers/retailers.
4. GST would also help in reducing the cost of heavy machinery required for producing agricultural commodities.
5. A fertilizer an important element of agriculture was previously taxed at 6% After the implementation of GST the tax on fertilizers has been increased to 12%.
6. The impact is on Tractors. This is negative impact on agriculture sector Specially Farmers. Wavier on the manufacture of Tractors is removed and GST of 12% has been imposed.
7. About milk positive impact of GST for farmers. India's milk production in 2015-16 was 160.35 million ton, increased from 146.31mt in 2014-15. Currently, only 2% VAT is charged on milk and certain milk products but under GST the rate of fresh milk is NIL and skimmed milk is kept under 5%.
8. The newly implemented indirect tax regime **is influencing the agriculture industry** and farmers due to the 5 percent GST rates on agricultural products. It is expected that in long-term the industry is foreseen to be positive.
9. After passing so many hurdles, pump makers in India have shown tremendous growth, productivity, and quality. After the implementation of GST, various small and medium enterprises (SMEs) have stopped manufacturing pumps for some period of time, as business enterprises were incapable to bear the expenses under the indirect tax regime.
10. Previously, the GST Council has announced 12 percent tax rates on agricultural products and later it has been reduced to 5 percent. Now, the 5 percent GST rates will be applicable on all agricultural products.
11. Pesticides have been placed in 18% slab. This is an increase from the pre-GST 12% excise and VAT of 4-5% in some states.
12. Highly used agri-commodities such as rice, wheat, milk, fresh fruits and vegetables are placed in the zero tax slab. This will help in avoiding tax, cess and arhatiya commission levied by some States.
13. The taxation structure for processed food is not very encouraging. The processed foods like fruit and vegetables juices under GST will be taxed at 12% up from 5%. Some items like fruit jams, jellies, marmalades etc will be taxed at even higher 18%. The higher tax rates are expected to discourage the development of food processing industry, especially for perishable fruits and vegetables. This may also affect the **employment** in food processing industry
14. Overall, the cost of cultivation is expected to increase marginally.

#### **Conclusion:**

In the present research paper it can be concluded from the above discussion that the impact of GST on agricultural sector is foreseen to be positive. An increase in the cost of few



agricultural products is anticipated due to the rise in inflation index for a brief period. Though, implementation of GST is going to benefit a lot, the farmers/ distributors in the long run as there will a single unified national agriculture market. GST would ensure that farmers in India, who contribute the most to GDP, will be able to sell their produce for the best available price. The introduction of GST is thus likely to improve the tax collections and boost India's economic development by breaking the tax barriers between the states and integrating India through a uniform tax rate. It is also helpful for state and center government relation. It can be further concluded that GST have a positive impact on Agriculture sector and industry. Although implementation of GST requires concentrated efforts of all stake holders namely, Central and State Government, trade and industry. And it is responsibility of every citizen for transparency of implementation process.

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## **GST in Ecommerce: Benefits & Challenges**

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### **Abstract:**

The e-commerce industry in India is still in its infancy, but it has shown a remarkable growth over a period of time and has contributed significantly to the country's GDP. GST is basically an indirect tax levied on the sale of goods and services and is considered a solution to several complex tax maladies being encountered by the E-commerce companies. The implementation of GST for an e-commerce company can give them a much needed relief from the recurrent sales tax demands, investigations, and stoppage of goods at the check post. In this paper, the researcher has tried to find out the various benefits and challenges of implementation of GST in India.

**Key words:** GST, E-commerce,

### **Introduction:**

The International Business Machines Corporation (IBM) defined e-Commerce as a part of e- Business that includes the act of selling products and services on the internet. Doing business over the Internet, selling goods and services which are delivered offline as well as products which can be 'digitised' [coded] and delivered online, such as computer software. The conduct of activities that includes the transfer, exchange or sharing of information, goods and services over a network, particularly the internet, with the purpose of getting some form of direct or indirect commercial benefit.

The primary attempt to implement GST in India was made on November 10, 2009 to give boost to indirect tax structure and create a common market several deadlines have already been set to implement GST in India but all has been extended due to several obstacle in its way. GST is considered as a destination based consumption tax, in which the consumption states are liable for revenues as the origin states is likely to get 1% additional tax for at least 2 years. It is considered to be a major improvement over the pre-existing central excise duty at the national level and the sales tax system at the state level, the new tax will be a further significant breakthrough and the next logical step towards a comprehensive indirect tax reform in the country. The implementation of GST will increase the tax revenue for the Government and it would end the distortions of differential treatments of manufacturing and service sector. Several Taxes like Octroi, central sales tax, state level sales tax, turnover tax, etc, will be clubbed under one ambit GST. It will also help to curb inflation as the tax rate under GST regime will remain constant over a period of time. The GST at the Central and at the State level will in this way give more alleviation to industry, trade, and agribusiness also, customers through a more extensive scope of coverage of input tax set-off and service tax setoff. The Finance Minister of India, Mr. Arun Jaitley assured that India could become a global market as implementation of GST will give 2% boost to Asia's third



largest economy. 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. Indian economy is getting more and more globalised. Introduction of an integrated Goods and Services Tax (GST) to replace the existing multiple tax structures of Centre and State taxes is not only desirable but imperative in the emerging economic environment. The implementation of GST would ensure that India provides a tax regime that is almost similar to the rest of the world. It will also improve the international cost competitiveness of native goods and services. Each taxpayer would be allotted a PAN-linked taxpayer identification number with a total of 13/15 digits. This would bring the GST PAN-linked system in line with the prevailing PAN-based system for Income tax, facilitating data exchange and taxpayer compliance. The GST is business friendly and is introduced in a manner that it becomes a “win-win” for everyone.

**Objectives:**

- 1. To know various benefits by implementation of GST in India
- 2. To know various challenges in implementation of GST System in India

**Research methodology:**

This is basically descriptive and qualitative research in which data has been collected through secondary sources like National and International Journals, Government Reports, websites and news articles and media reports.

**Scope:**

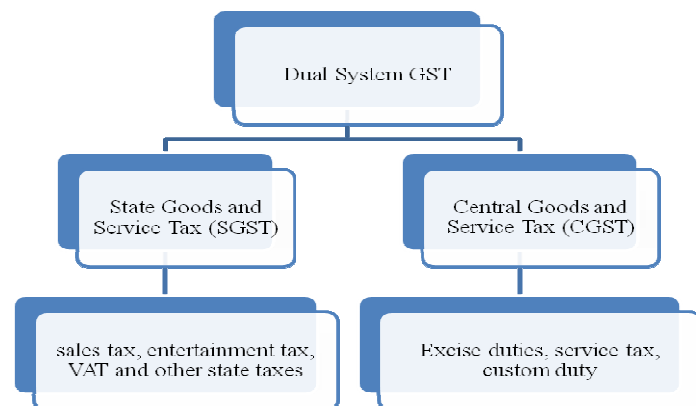
Research area mainly focuses upon the benefits of GST implementation and Challenges while implementing GST system in India.

**Limitations:**

This study only focuses on the benefits of GST Implementation and various challenges while implementing GST system in E- commerce while the rest of aspects are ignored.

**GST In India:**

GST is going to overcome number of taxes levied on our consumption from entertainment tax to sales tax, VAT, excise duty, import duty and luxury tax. GST will help to overcome the problem of double taxation as under this tax will be levied on supply of goods and services as it is based on “Destination Principle” which means tax will be levied at the place of final consumption. GST will be collected at last Point of Sale. GST paid by different intermediaries in the supply chain can claim it back which ultimately benefit the customers as it will reduce the final cost of goods and services by eliminating double taxation. The Government of India has adopted a Dual System GST comprising of two components:





**It levied on:**

- Intra-state supply and consumption of goods & services
- Inter-state movement of goods
- Import of Goods & Services

**Benefits of GST implementation:**

- ✓ It will make the taxation system more transparent, simple and easy to understand.
- ✓ It will reduce the overall cost of goods and services to final consumer as cascading of taxation will be overcome.
- ✓ It will facilitate free flow of goods and services and thereby reducing overall transaction cost.
- ✓ Since GST is not levied on goods and services which are exported so it provides an incentive to EOUS, SEZS AND EPZS.
- ✓ GST will be levied on goods or services imported into the country with destination principle where the imported goods or services are consumed that state will enjoy the tax revenue.
- ✓ Since intermediaries in the supply chain can claim the tax credit which will reduce the cost of doing business.
- ✓ It will reduce the scope of corruption in the economy as a whole.
- ✓ It will increase the tax base as more firms will come under the tax regime which ultimately increases the tax revenue collection for the government.
- ✓ GST will guarantee the consistency of taxes over the states, irrespective of place of production or consumption.
- ✓ The normal taxation rate on organizations will fall which will decrease the expenses of Indian goods and services and make them competitive in the global market and ultimately GDP would increase.
- ✓ The taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions.
- ✓ For paying GST, 13/15 digit PAN-linked identification in line with Income tax will be allotted which will ease the tax payment system.

**Challenges for implementing Goods & Services Tax system:**

- Determining threshold limit is a great challenge as low limit will bother small scale traders and service providers but high revenue for government whereas high threshold limit will result in less revenue for the government due to meagre tax base.
- Lot of changes at planning and implementation level will be required where administration to be made in line with IT infrastructure.
- To implement GST, cooperation from state government is required as the states where consumption of goods and services are high will enjoy more revenue than states which have low consumption of goods and services.
- Determination of rate of tax on goods and services is a great challenge for the government due to problem of consensus between centre and state in this regard.
- Heavy expenditure on IT infrastructure including Tax Information Exchange System (TINXSYS), is required that too in a time bound manner for enhancing operational efficiency, enabling voluntary compliance and enhancing tax payer's convenience



- Since there will be dual model of GST, so there will be different tax rates at State level and Centre level and there further subdivision of these taxes will be difficult depending upon necessity, location and resources of each state.

**Conclusion:**

The new GST law is supposed to stop revenue leakages as existed in earlier indirect tax law as the tax evaders will be caught easily. It will also eliminate cascading effect by ensuring seamless flow of credit from manufacturer to the trader. Since entry tax will also be subsumed in GST, overall tax burden will come down. Being the tax rate same in all states, the transportation and storage cost will come down. However, benefit of threshold limit is neither available to E-Commerce operators nor to the suppliers. This will increase compliance burden of registration, returns, records and payments on the both E-Commerce operator and supplier. Further provision of TCS and high sales returns as a normal feature of e-commerce business will increase working capital requirement for small suppliers. In a nut shell, to survive in GST regime, the E-Commerce business will have to reformulate its business model and redefine its business strategies and processes.

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## Effect of GST on Indian Capital Market

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### Abstract:-

Till such time as GST fears subside, it is good to look at stocks outside the Sensex. For those with strong nerves, it would make sense to play the contrarian game, ahead of the RBI's credit policy change in August. Analysts believe the short-term impact of GST could be neutral to negative and positive, though this huge tax overhaul is expected to give further direction to the economy and markets. There are expectations that GST will boost India's GDP growth by 150-200 basis points in the coming years. However, the rollout may impact first quarter earnings of India Inc, as companies will take some time to align their production processes with the new framework, adjust to the input tax credit system and get a handle on their working capital requirements. Input credit allows a seller to reduce the tax burden being paid by claiming offset for the taxes already paid on inputs.

**Key words:** - GST Bill, GST Effect on Indian Capital Market, GST benefits, Companies  
GST effect on inflation.

### Introduction:-

GST was 1st introduced by France in 1954 and now it is followed by more than 150 countries. Most of the countries followed unified GST while some countries like Brazil, Canada follow a dual GST system where tax is imposed by central and state both. In Indian idea of GST was mooted by "Vajpayee Govt. in 2000 and constitution amendment for same was passed by the "Lok Sabha" on 6th May, 2015. The constitution amendment bill for Goods and Services Tax (GST) has been approved by the President of India (Rajya Sabha on 3rd August 2016 and Lok Sabha on 8th August, 2016). The Government on India is committed to replace on the indirect taxes levied on goods and services by centre and states and implement GST by 1st April, 2017. Since India is now 3rd largest economy so GST is most significant tax reform since Independence. It will increase revenues and growth stimulate investment and make investment doing business in India easier. GST bill have a far reaching impact on all almost all the aspects in the business organization in the country for example pricing of products and services, supply chain optimization, IT, accounting and tax compliance system. In India presently tax rates differ from state to state. GST will bring uniformity, reduce the cascading effect of these taxes by giving input tax credit, will help industry, which will be able to reap benefits of common procedures an claim credit for taxes paid.

### Objectives of the study:-

The study has been geared towards achieving the following objectives:

1. To study of why government wants to pass GST bill.
2. To study how will it affect the stock market?
3. To know GST will impact inflation and stock markets



4. To study impact of GST Bill can impact Indian stock Markets.

#### **Importance of the study:-**

In the summer of 2016, the Indian Congress approved the Goods and Services Tax (GST) legislation to simplify the current multilayered federal, state, and local indirect tax structure. The GST bill will unify at least ten types of indirect taxes into one tax to be collected at the state and federal levels. Under the existing structure, at each point of sale, additional taxes are applied to the after-tax value of each good and service. The main purpose for the GST is to eliminate this compounding effect by fixing the final tax rate, where goods will fall into one of four rate categories of 5, 12, 18, and 28 percent. The GST is currently expected to be rolled out in mid-2017.

#### **Scope of the study-**

GST is one indirect tax for the whole nation, which will make India one unified common market. GST 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 will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with setoff benefits at all the previous stages.

#### **Limitations of the study-**

1. This paper not discussion effect in the middle of the financial year
2. Lack of government publicity of GST bill.
3. Absence of the control price before GST production.

#### **Research methodology:-**

This study is based on Secondary data.

1. The data is collected from different newspapers, articles in magazines and websites.
2. The study is Exploratory in nature.

#### **Review of Literature-**

1. **Nitin Kumar** write a research paper named “Goods and Service Tax in India-A Way Forward” in• “Global Journal of Multidisciplinary Studies”, Vol. 3, Issue6, May 2014 and he noted that implementation of GST in India will be a great move and it will be remove all the problems of current tax structure in India.
2. **Dr. G. Sunitha and P. Satischandra** broadly discussed about GST in their research paper titled• “Goods and Service Tax (GST): As a new path in Tax Reforms in Indian Economy”. The authors have tried to explain the concept of GST and different models of GST. They also focussed on the impact of GST on Indian markets. According to them the current tax structure is the main hurdle for growth of Indian economy.
3. **Garg** summarizes in the article “Basic Concepts and Features of Good and Services Tax in India” published in International Journal of scientific research and Management, 2(2), 542-549 about impact of GST on Indian Tax structure and find out that GST will strengthen nation’s economy and development.

**A) Why government wants to pass GST bill?**

Implementing GST bill will hike the taxes on service sectors and this will increase the tax revenue of government. Service sector is increasing in India at a high increasing rate. As per the survey, in India, the growth of services-sector GDP has been higher than that of overall GDP between the period FY2001- FY2014. Service sector tax increases and this sector is also increasing. Tax revenue. It will also curb corruption and black money. It will attract huge domestic and foreign funds will flood the Indian market so high cash reserve in government treasury. It will also improve the tax-to-GDP ratio by around 1.5 per cent. Whatever the benefits exist but still there are many challenges in India to pass the bill. It has been in talk since a long time and is likely to get passed in this monsoon session of parliament. Also, there are many benefits that central government is working to make India a better place like curbing black money, corruption etc.

**B) Effect on Indian Capital Market-**

The implementation of GST is expected to reduce the cost of logistics. This includes costs of transportation as Octroi tax will not be levied separately. The implementation of the GST is expected to simplify the tax structure and make the supply chain more efficient. This would narrow the cost differentials between organized and unorganized sector. The organized sector would be in a better position to compete with the unorganized sector on prices. "It may not lead to an immediate impact on markets, there cannot be an argument about the fact that GST is a big and much-needed structural reform. If passed, this will be a step in the right direction" quoted by Pankaj Sharma, Head of Equities, Equirus Securities. This could shift demand to companies in the organised sector from unorganised players. Hence companies like Finolex Cables, Havells etc that compete with the unorganized sector in products like cables, wires could stand to gain.

**Direct benefits some companies Stock Market-**

It will act as a boon for the company and business which often deals with multi-level tax levitation. It will boost the company related to logistics which mainly deals with export and import due to ease in the process of faster delivery. Also, ease of paperwork. It is going to make our tax administration a lot more efficient because you are ultimately collapsing manufacturing taxes through excise duty and service taxes as well as states VATs into a single tax, which obviously brings a lot of efficiencies that can add between 100 bps and 200 bps to GDP in the long run. The sectors to benefit the most would be logistics, Ecommerce, automobile, and FMCG among others. Overall, the following stock will benefit the most if the bill passed in this monsoon sessions such as GATI, Allcargo, Logistics, Finolex Cables, Century Plyboards, VRL Logistics, Britannia Industries, Inox Leisure, Bata India, Relaxo Footwear, Amara Raja Batteries, Balmer Lawrie, Pincon spirit, PVR, Dish TV, Havells.

**C) GST effect on inflation**

The Goods and Services Tax (GST) which is expected to be implemented from April 2017, is generally regarded as a game changing reform. GST can make the indirect tax system very efficient and will benefit all stakeholders including manufacturers, sellers, the ultimate consumers and the tax collecting governments apart from giving a substantial boost



to GDP growth. GST is a value added tax where tax is imposed only on the value added at each stage in the supply chain. It is levied at all points in the supply chain. Credit is paid for acquiring inputs used in making the supply. In India GST is defined as 'tax on supply of goods or services other than alcohol for human consumption.' In simple language, GST is a single tax on all goods and services in the entire economy.

The impact on the consumer will depend on the standard rate. If the standard rate is 18 per cent, there won't be any inflationary impact since the higher service tax rates (presently 14.5 per cent) will be compensated by the lower rates on consumer staples, durables, vehicles etc which are attracting 24 per cent and above presently. The prices of hand sets, FMCGs, automobiles, white goods, and cement are likely to decline. The costs of all services like telecom, travel, insurance etc will go up.

#### **D) GST effect on stock markets-**

The Good and Services tax in the biggest indirect tax reform since 1947 and it has potential to lead the economic integration of India. This will be levied on manufacture sale and consumption of goods and services. In the words of the Finance Minister Arun Jaitley, the GST bill will lead to the economic integration of India. The main function of the GST is to transform India into a uniform market by breaking the current fiscal barrier between states. Thus the GST will facilitate a uniform tax levied on goods and services across the country. Currently, the indirect tax system in India is complicated with overlapping taxes levied by the Centre and the State separately. Framework of the GST will replace indirect taxes. The GST will have a 'dual' structure, which means it will have two components- the Central GST and the State GST. They will both have separate powers to legislate and administer their respective taxes. Taxes such as excise duty, service, central sales tax, VAT (value added tax), entry tax or octroi will all be subsumed by the GST under a single umbrella. With passing of the GST bill, we can expect a climate of improved tax compliance.

#### **Findings-**

The major findings of the paper elaborates that no doubt the current GST system is a multi stage, destination based effect on goods and services but it will be a major source of revenue for Govt. as it shows significant impact on each and every sector of economy.

#### **Conclusion-**

The effect of the newly approved Goods and Services Tax (GST) in India, which is scheduled to take effect in mid-2017. We collected the most notable indirect taxes that the GST will subsume both at the central and the state level. The proposed GST regime is a half-hearted attempt to rationalize indirect direct 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.



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## GST: Effects at Micro Level of Economy

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### Abstract :

*GST is one of the reforms by Government on indirect tax in India. It will help to eliminate cascading effect and multiplicity of direct taxation. Production of tax imposes an economic burden on both Producer and Consumers. Tax incidence is said to fall upon the group that ultimately bears the burden of tax.*

*So before studying the effects of the GST at macro level it is important to study its effect at micro level as it is study of decisions that people make regarding the allocation of resources and prices of goods and services. This Paper highlighted the concept of GST, its working, Impact on Household sector through Positive and Negative Effects.*

**Keywords:** Goods and Services Tax, IGST, CGST, SGST

### Introduction

Goods and service tax commonly known as GST. India has opted for a dual GST system. Where 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. It removes double cascading effect and applicable as one nation one tax. It replaces the current taxes of excise, VAT and service tax. GST will bring uniform taxation across the country and allow full tax credit from the procurement of inputs and capital goods which can later be set off against GST output liability. The aim of GST is thus to simplify tax hurdles for the entire economy. There are 3 types of GST:

1. CGST- Collected by Centre
2. SGST- Collected by State
3. IGST- Applicable on inter-state sales.

It will help in smooth transfer between states and the Centre.

### Objectives

1. To study the Concept of GST
2. To study the working of GST
3. To study the effects of GST at micro level of economy i.e. household

### Research Methodology

The research focuses on study of GST and its impact which is mainly collected from various books, national & international journals, government reports, publications from various websites which has been published and focused on various aspects of Goods and Service tax. Therefore research Methodology is based on secondary data.



## Concept of GST

GST is an indirect tax which includes almost all the indirect taxes of central government and states governments. It will be levied on both goods and services at all the stages of value addition. It has dual model including central goods and service tax (CGST) and states goods and service tax (SGST). CGST includes central indirect taxes like central excise duty, central sales tax, service tax, special additional duty on customs; counter veiling duties whereas indirect taxes of state governments like state VAT, purchase tax, luxury tax, octroi, tax on lottery and gambling will be replaced by SGST. Integrated goods and service tax (IGST) also called interstate goods and service tax is also a component of GST. It is not an additional tax but it is a system to examine the interstate transactions of goods and services and to further assure that the tax should be received by the importer state as GST is a destination based tax.

GST is a comprehensive indirect tax on manufacture, sale and consumption of goods and services at national level. One of the biggest taxation reforms in India (GST) is all set to integrate State economies and boost overall growth. Currently, companies and businesses pay lot of indirect taxes such as VAT, service tax, sales tax, entertainment tax, octroi and luxury tax. Once GST is implemented, all these taxes would cease to exist. There would be only one tax, that too at the national level, monitored by the central government. GST is also different in the way it is levied — at the final point of consumption and not at the manufacturing stage. At present, separate tax rates are applied to goods and services. Under GST, there would be only one tax rate for both goods and services. The goods and services Tax is indeed be a further significant improvement towards a comprehensive indirect tax reforms in the country. Integration of goods and services taxation would give India a world class tax system and improve tax collections. It would end distortions of differential treatments of manufacturing and service sector. GST is expected to create a business friendly environment, as price levels and inflation rates would come down overtime as a uniform tax rate is applied. It will also improve government's fiscal health as the tax collection system would become more transparent, making tax evasion difficult. The GST is expected to replace all the indirect taxes in India. At the centre's level, GST replaces central excise duty, service tax and customs duties. At the state level, the GST replaces State VAT. (Dr. Shakir Shaik, December2015)

## Working of GST

The GST system is based on the same concept as VAT. Here, set-off is available in respect of taxes paid in the previous level against the GST charged at the time of sale. The GST model has some aspects which are as follows: (Garg, 2017)

**Components:** GST is divided into two components, namely, Central Goods and Service Tax and State Goods and Service.

**Applicability:** GST is applicable to all Goods and Services sold or provided in India, except from the list of exempted goods which fall outside its purview.

**Payment:** GST is charged and paid separately in case of Central and State level.

**Input Tax Credit:** The facility of Input Tax Credit at Central level will only be available in respect of Central Goods and Service tax. In other words, the ITC of Central Goods and Service tax shall not be allowed as a set-off against State Goods and Service tax and vice versa.



### Impact of GST on Product Pricing

Indirect tax will be levied by Central and State Government called Central GST (CGST) and State GST (SGST), respectively. In the case of intra-state transactions, the seller will collect CGST and SGST from the buyer which will be paid to the Central and State Government, respectively. Listed below is an example of the impact of GST on product pricing:

#### Old Tax System

Price of a product sold from Mumbai to Jaipur = Rs.1,000

VAT @ 10 per cent = Rs.100

Cost of a product sold from Mumbai to Jaipur = Rs.1,100

Profit = Rs.1,000

Selling Price = Rs.2,100

CST @ 10 per cent = Rs.210

Total cost of the product = Rs.2,310

#### GST System

Price of a product sold from Mumbai to Jaipur = Rs.1,000

CGST @ 5 per cent = Rs.50 + SGST @ 5 per cent = Rs.50

Cost of a product sold from Mumbai to Jaipur = Rs.1,100

Profit = Rs.1,000

Selling Price = Rs.2,100

IGST @ 10 per cent = Rs.110

Total cost of the product = Rs.2,210

### The impact of GST on consumer in Various Industries /Sectors

#### 1. FOOD AND FOOD PRODUCTS

There is no GST on Essential food items different tax rates on packaged food items.

**No tax (0 per cent GST)** Unpacked foodgrains, fresh vegetables and fruits, unbranded atta, maida, besan, gur, milk, eggs, curd, lassi, unpacked paneer, unbranded natural honey, palmyra jaggery, salt, fresh meat, fish, chicken, butter milk, cereal grains hulled

**5 per cent** Sugar, tea, roasted coffee beans, edible oils, cream, skimmed milk powder, milk food for babies, packed paneer, frozen vegetables, cashew nuts, spices, pizza bread, rusk, sabudana, Raisin, fish fillet, packaged food items

**12 per cent** Butter, ghee, almonds, fruit juice, packed coconut water, preparations of vegetables, fruits, nuts or other parts of plants including pickle, murabba, chutney, jam, jelly, bhujia, namkeen, fruit juices, frozen meat products, dry fruits in packaged form, animal fat and sausage

**18 per cent** Biscuits (all categories), flavored refined sugar, pastries and cakes, preserved vegetables, soups, ice cream, instant food mixes, pasta, corn flakes, curry paste, mayonnaise and salad dressings, mixed condiments and mixed seasonings

**28 per cent** Chewing gum, molasses, chocolate not containing cocoa, waffles and wafers coated with chocolate

#### 2. GARMENTS



Sarees and personal care products are likely to get more expensive under the Goods & Services Tax (GST) framework. According to the proposed tax rates, 5 per cent GST will be levied on garments and apparel of up to Rs.1,000, beyond which they will be taxed at 12 per cent. The same rates will also hold true for other readymade apparel such as salwar kurtas, dresses, skirts, tops and jeans. Further, synthetic and other manmade fibres will attract a higher tax of 18 per cent while other natural fibres (except silk and jute) will be taxed at 5 per cent. Pre GST Tax was Excise duty – 0 per cent to 12.5 per cent, VAT/CST – 5 per cent - 13-14 per cent whereas post GST Tax 12 per cent (Above INR 1000/-), 5 per cent (Below INR 1000/-).The Impact is Positive due to increased credits at retail level.

3. REAL ESTATE

All properties under construction will be charged at 12 percent of the property value. This excludes stamp duty and registration charges. For completed properties, the earlier provisions will continue and buyers will pay no indirect tax on sale of ready-to-move-in properties. Pre GST Tax was Service Tax – 4-5 per cent, VAT (varies from state to state) – 1-2 per cent, Input tax cost- 4-5 per cent whereas post GST Tax 12 per cent. Impact is neutral to slightly negative (unorganized play to reduce).

4. PHARMACEUTICAL & HEALTHCARE

Pharmaceutical products have 12 per cent GST as against earlier rate of 10 per cent. The healthcare sector will remain exempt from the GST however the inputs by the healthcare sector will be taxed at 18 per cent leading to rise in the operating costs. Its impact is slightly negative due to lack of input credit and increase in cost of procurements.

5. EDUCATION

Education is one of the major sector for any economy. Educational services and services related to the education/higher education provided to the students are covered under the GST exempt list. Services to its students, faculty and staff like transportation, catering, mid day meals, admissions, examinations, housekeeping etc. have been exempted under GST. But Due to lack of input credit and increase in cost of procurements.

6. FAST MOVING CONSUMER GOODS (FMCG)

Fast moving consumer goods sector will benefit from the GST due to the present of big unorganised market. GST rate for products like hair oil, soaps and toothpaste has been lowered by 500-600 bps from the previous rates. Pre GST Tax on Soap, Hair Oil, Toothpaste was 26-28 per cent, Shampoos, Detergent, chocolates was 26-28 per cent Sugar, Tea, Coffee, Edible Oil was 6-7 per cent Whereas post GST Tax on Soap, Hair Oil, Toothpaste is 18 per cent, Shampoos, Detergent, chocolates is 28 per cent, Sugar, Tea, Coffee, Edible Oil is 5 per cent. The Impact is Positive in select segments due to reduction in effective rates, better utilization of input credits and supply chain efficiencies

7. TELECOM

The sector is facing severe pressure in the form of intense competition from Reliance Jio.

Under the GST regime, telecom services will be taxed at 18 per cent as against 15 per



cent earlier. There are expectations that it will work as a salt on the wound for the sector.

Any price increase will further dampen the scenario.

#### 8. CONSUMER DURABLES

White good players were previously taxed at 27 per cent (including 13.5 per cent VAT) against 28 per cent under the new GST regime. Pre GST Tax on Home appliances, AC, Refrigerator, and Electricals was 26-28 per cent whereas post GST Tax is 28 per cent. The Impact is Positive due to better utilization of input credits and supply chain efficiencies

#### 9. AUTOMOBILE AND AUTO ANCILLARIES

The GST rates are mostly expected to be neutral to the auto sector except for the hybrid cars which will be taxed at the 28 per cent GST. Most other vehicle categories will not see significant change from the current tax structure. Tractors category will be taxed at 12 per cent against current 6-7 per cent which will be negative for the tractor companies.

**Pre GST Tax** Luxury Cars & SUVs 47 per cent to 55 per cent whereas **Post GST Tax** vehicles will attract 28 per cent tax. Impact is Negative for Luxury cars and SUVs, Neutral – for small cars, tractors, 2-wheelers

#### **Conclusion:**

Prices of essentials commodities and services may come down due to GST. Sectors which will positively affect from consumer point of view are Food, Garments, Education , FMCG , Telecom Consumer Durable which are essentials for day to day life. Though some sectors like Real estate, Farma and Health, Automobile have slightly negative Impact, overall it has positive impact on household and their savings. This savings plays an important role in economic development.

The exclusion of cascading *effects* i.e. tax on tax till the level of final *consumers* will significantly improve the competitiveness of original goods and services in market which leads to beneficial *impact* to the GDP growth of the country. Due to avoidance of double taxation at each level, the tax burden on consumers is way less.

Goods and Service Tax, with end-to-end IT-enabled tax mechanism, is likely to bring buoyancy to government revenue. It is expected that the malicious activity of tax theft will go away under Goods and Service Tax regime in order to benefit both government as well as the consumer. In reality, that extra revenue that the government is expecting to generate won't come from the consumers' pocket but from the reduction of tax theft.

GST will bring down prices and push up prosperity and living standards of the people of India.

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## **GST: Benefits & Its Impact on Indian Economy**

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### **Abstract:**

Goods and Services Tax (GST) is defined as the giant indirect tax structure designed to support and enhance the economic growth of a country. More than 150 countries have implemented GST so far. The introduction of the Goods and Services Tax will be a very noteworthy step in the field of indirect tax reforms in India. By merging a large number of Central and State taxes into a single tax, GST is expected to significantly ease double taxation and make taxation overall easy for the industries. For the end customer, the most beneficial will be in terms of reduction in the overall tax burden on goods and services. Introduction of GST will also make Indian products competitive in the domestic and international markets. Last but not least, the GST, because of its transparent character, will be easier to administer. Once implemented, the proposed taxation system holds great promise in terms of sustaining growth for the Indian economy.

The purpose of this paper is to elucidate the concept of Indian Economy. The Paper aims to highlight the benefits and impact of GST Indian economy and the need for further understanding of the Indian economy.

**Key words:** Goods & Service Tax, Indian Economy, Benefits of GST, Impact of GST.

### **Introduction:**

GST the biggest tax reform in India founded on the notion of “one nation, one market, one tax” is finally here. The moment that the Indian government was waiting for a decade has finally arrived. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. Fundamentally, the \$2.4-trillion economy is attempting to transform itself by doing away with the internal tariff barriers and subsuming central, state and local taxes into a unified GST.

The rollout has renewed the hope of India’s fiscal reform program regaining momentum and widening the economy. Then again, there are fears of disruption, embedded in what’s perceived as a rushed transition which may not assist the interests of the country.

Will the hopes triumph over uncertainty would be determined by how our government works towards making GST a “good and simple tax”. The idea behind implementing GST across the country in 29 states and 7 Union Territories is that it would offer a win-win situation for everyone. Manufacturers and traders would benefit from fewer tax filings, transparent rules, and easy book-keeping consumers would be paying less for the goods and services, and the government would generate more revenues as revenue leaks would be plugged. Ground realities, as we all know, vary.



### **Objective:**

- 1) To study the overview of Indian Economy.
- 2) To study the benefits of GST on Indian economy.
- 3) To study the impact of GST on Indian Economy.

### **Research Methodology:**

Research methodology not only talks about the research methods but also considers the logic behind the method used in the context of the research study. Research methodology is away to systematically study and solves the research problems.

### **Research design used in the Study:**

Descriptive research design is used in this study. The researcher had to use fact and information already available in order to study the benefits and impact of GST on Indian Economy.

### **Data Collection Method:**

The Process of data collection begins after a research problem has been defined. For the present study researcher only collect secondary data, in order to find the benefits & impact of GST on Indian Economy.

### **Secondary data:**

It is the data which is already collected someone else. Researcher to analyse the data and interprets the results. Researcher collected the secondary data through various books, authorized websites.

### **An overview of Indian Economy:**

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP increased 7.1 per cent in 2016-17 and is expected to reach a growth rate of 7 per cent by September 2018.

### **Market size:**

India's gross domestic product (GDP) grew by 6.3 per cent in July-September 2017 quarter as per the Central Statistics Organisation (CSO). Corporate earnings in India are expected to grow by over 20 per cent in FY 2017-18 supported by normalisation of profits, especially in sectors like automobiles and banks, according to Bloomberg consensus.

The tax collection figures between April-June 2017 Quarter show an increase in Net Indirect taxes by 30.8 per cent and an increase in Net Direct Taxes by 24.79 per cent year-on-year, indicating a steady trend of healthy growth. The total number of e-filed Income Tax Returns rose 21 per cent year-on-year to 42.1 million in 2016-17 (till 28.02.17), whereas the number of e-returns processed during the same period stood at 43 million. India has retained its position as the third largest start up base in



the world with over 4,750 technology start-ups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute. India's foreign exchange reserves were US\$ 404.92 billion in the week up to December 22, 2017, according to data from the RBI. Recent Developments With the improvement in the economic scenario, there have been various investments in various sectors of the economy. The M&A activity in India increased 53.3 per cent to US\$ 77.6 billion in 2017 while private equity (PE) deals reached US\$ 24.4 billion. Some of the important recent developments in Indian economy are as follows:

### **Recent Developments:**

With the improvement in the economic scenario, there have been various investments in various sectors of the economy. The M&A activity in India increased 53.3% to US\$ 77.6 billion in 2017 while private equity (PE) deals reached US\$ 24.4 billion. Some of the important recent developments in Indian economy are as follows:

- Indian companies raised Rs.1.6 trillion (US\$ 24.96 billion) through primary market in 2017.
- Moody's upgraded India's sovereign rating after 14 years to Baa2 with a stable economic outlook.
- India received net investments of US\$ 17.412 million from FIIs between April-October 2017.
- The top 100 companies in India are leading in the world in terms of disclosing their spending on corporate social responsibility (CSR), according to a 49-country study by global consultancy giant, KPMG.
- The bank recapitalisation plan by Government of India is expected to push credit growth in the country to 15 per cent, according to a report by Ambit Capital.
- India has improved its ranking in the World Bank's Doing Business Report by 30 spots over its 2017 ranking and is ranked 100 among 190 countries in 2018 edition of the report.
- India's ranking in the world has improved to 126 in terms of its per capita GDP, based on purchasing power parity (PPP) as it increased to US\$ 7,170 in 2017, as per data from the International Monetary Fund (IMF).
- The total projected expenditure of Union Budget 2018-19 is Rs.23.4 lakh crore (US\$ 371.81 billion), 9 per cent higher than previous year's budget, as laid out in the Medium Term Expenditure Framework (MTEF).
- India received the highest ever inflow of equity in the form of foreign direct investments (FDI) worth US\$ 43.4 billion in 2016-17 and has become one of the most open global economies by ushering in liberalisation measures, as per the mid-year economic survey of India.



- The World Bank has stated that private investments in India is expected to grow by 8.8 per cent in FY 2018-19 to overtake private consumption growth of 7.4 per cent, and thereby drive the growth in India's gross domestic product (GDP) in FY 2018-19.
- The Niti Aayog has predicted that rapid adoption of green mobility solutions like public transport, electric vehicles and car-pooling could likely help India save around Rs.3.9 trillion (US\$ 60 billion) in 2030.
- Indian impact investments may grow 25% annually to US\$ 40 billion from US\$ 4 billion by 2025, as per Mr Anil Sinha, Global Impact Investing Network's (GIIN's) advisor for South Asia.
- The Union Cabinet, Government of India, has approved the Central Goods and Services Tax (CGST), Integrated GST (IGST), Union Territory GST (UTGST), and Compensation Bill.
- Indian merchandise exports in dollar terms registered a growth of 30.55% year-on-year in November 2017 at US\$ 26.19 billion, according to the data from Ministry of Commerce & Industry.
- The Nikkei India manufacturing Purchasing Managers' Index increased at the fastest pace in December 2017 to reach 54.7, signaling a recovery in the economy.

#### **Benefits of GST to the Indian Economy:**

- 1) Removal of bundled indirect taxes such as VAT, CST, Service tax, CAD, SAD, and Excise.
- 2) Less tax compliance and a simplified tax policy compared to current tax structure.
- 3) Removal of cascading effect of taxes i.e. removes tax on tax.
- 4) Reduction of manufacturing costs due to lower burden of taxes on the manufacturing sector. Hence prices of consumer goods will be likely to come down.
- 5) Lower the burden on the common man i.e. public will have to shed less money to buy the same products that were costly earlier.
- 6) Increased demand and consumption of goods.
- 7) Increased demand will lead to increase supply. Hence, this will ultimately lead to rise in the production of goods.
- 8) Control of black money circulation as the system normally followed by traders and shopkeepers will be put to a mandatory check.
- 9) Boost to the Indian economy in the long run.
- 10) It would introduce two-tiered One-Country-One-Tax regime.
- 11) It would subsume all indirect taxes at the centre and the state level.
- 12) It would not only widen the tax regime by covering goods and services but also make it transparent.
- 13) It would bring down the prices of goods and services and thus by, increase consumption.
- 14) It would create business-friendly environment, thus by increase tax-GDP ratio.
- 15) It would enhance the ease of doing business in India.

These are possible only if the actual benefit of GST is passed on to the final consumer. There are other factors, such as the seller's profit margin, that determines the final price of goods. GST alone does not determine the final price of goods.



### **How will GST impact the Indian Economy?**

- 1) Reduces tax burden on producers and fosters growth through more production. The current taxation structure pumped with myriad tax clauses, prevents manufacturers from producing to their optimum capacity and retards growth. GST will take care of this problem by providing tax credit to the manufacturers.
- 2) Different tax barriers, such as check posts and toll plazas, lead to wastage of unpreserved items being transported. This penalty transforms into major costs due to higher needs of buffer stock and warehousing costs. A single taxation system will eliminate this roadblock.
- 3) There will be more transparency in the system as the customers will know exactly how much taxes they are being charged and on what base.
- 4) GST will add to the government revenues by extending the tax base.
- 5) GST will provide credit for the taxes paid by producers in the goods or services chain. This is expected to encourage producers to buy raw material from different registered dealers and is hoped to bring in more vendors and suppliers under the purview of taxation.
- 6) GST will remove the custom duties applicable on exports. The nation's competitiveness in foreign markets will increase on account of lower costs of transaction.

### **Conclusion:**

From all the above it is clear that 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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## Impact of GST on Retail Sector

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### Abstract :

*The research Paper attempted to obtain Information about the impact of GST on retail sector. Retail sector is the important key to the economy. The retail sector receives 10% GDP for the Indian economy. GST will be a big advantage in the retail sector. The Indian retail sector is one of the fastest growing sectors in the world. In 2015-2020, the CAGR (compound annual growth rate) is 16.7%. It is expected to increase \$ 1.3 billion by 2020. India is the world's 5th largest retail business Country. The retail sector is growing everywhere, in metro cities or tier-2 and tier-3 cities... The government of India has started major reforms in Policies to attract FDI in retail industry. In single brand 100% FDI and 51% FDI in multi-brand retail has been approved. All these statistics show how strong the retail sector is. The GST will be affected in the retail sector currently. GST is not a general tax reform. This is one of a kind of reform that is ready to change the tax situation across the country. This should be considered by the retail industry for legal consequences. GST is positive for the retail sector considering the GST tax system.*

**Key word :** GST, impact of GST on retail sector.

### Objectives of the research –



1. To study the concept of GST.
2. To study the impact of GST on Retail sector.

### Hypothesis Of the study –

1. GST helps to growth to the Retail market in India.
2. GST will lessen the retailer's tax.

### Research methodology –

For this research paper the secondary data collected .The required data have been collected from various sources such as reference book, newspapers and research papers and internet websites etc.

### Introduction-

For the first time since independence, there is a great improvement in the tax structure. The Government of India has implemented the GST Tax System all over the country on 1st July, 2017. It has had significant impact on all industries, which has established a single tax structure by reducing all indirect taxes levied by the state and central government under the GST Taxation Act. The government has proposed four tax slabs for different types of goods and services, at 5%, 12%, 18% and 28%. The impact of GST on the retail sector is positive, as it will bring the overall indirect tax simplicity. Supply efficiency



seems to increase. And the input tax credit has been simplified. After GST's implementation, the states have been reduced by taxation and documentary perspective. The state's straightforward policy will reduce the complexity of retailers and increase the delivery efficiency. Under the excise duty reduction in the state, it is easy for traders to sell their commodities in other states. Therefore, retail traders will be benefited. They will get goods and services at a reasonable rate. It is estimated that the retail sector will benefit further.

### **Meaning of GST-**

The goods and services tax (GST) is an indirect federal sales tax that is applied to the cost of certain goods and services. The business adds the GST to the price of the product; a customer who buys the product pays the sales price plus GST; and the GST portion is collected by the business or seller and forwarded to the government.

France was the first country to implement the GST in 1954, and since then an estimated 160 countries have adopted this tax system in some form or another. Some of the countries with GST include Canada, Vietnam, Australia, Singapore, UK, Monaco, Spain, Italy, Nigeria, Brazil, and South Korea. India is set to join the GST group on July 1, 2017.

### **Difference between GST and Previous tax structure-**

Due to GST taxation will be linked to supply of goods and services, taxpayers will not have to pay taxes. Taxation to be paid by distributing outside the state is not available in the Central Sales Tax. Currently, state-level tax revenues will remain in the state.

### **1. Impact of GST on Retail sector-**

#### **Lower tax –**

In the previous tax structure, 30% indirect taxes were levied on average for most retail production. It included tax on excise duty, VAT, CST, warehousing, consultant and rent, octroy and entry tax. This led to large taxation. GST's main impact on retailers will be the tax burden on the retailer.

#### **2. Single Input Tax Credit –**

In the previous tax structure, input tax credit on the VAT is available. But it was not available on service tax and import tax. The new tax structure will stop double taxation effect. The impact of GST taxes on the retail sector has reduced the total tax burden.

#### **3. Increased supply chain efficiency –**

The main impact of GST on the warehouse network of retail industries. After the citation of GST, the industries will not get motivated to run the warehouse in each state. This 20% to 30% the warehouses are merged, the inequality in the state will be reduced and the transport will benefit. Long queues and check times and waiting times at state chains will be even lower. The GST results will be on the supply chain, because their designs are skill-oriented. And not compatible with the previous tax system.

#### **4. Taxes on Gifts and Promotional Items –**

According to the GST Act, tax is structured according to the supply, without considering any items. Offering free products for advertising or free goods offers in the Indian retail sector is a common practice. In the previous tax system; these free products,



samples and gifts were tax-free. GST Tax Law has considered tax on such gifts .Therefore, retailers are required to rethink their promotional policy.

#### **5. Better Opportunities –**

Tax structure has changed due to GST, so that many retail sales tax is levied on low taxes, retail businesses are creating new opportunities for business.

#### **6. Retail market development –**

After GST implementation, analysts estimate that the market is unified. Thus, GST's biggest impact is on retailers. Retailers will have to pay attention to the good growth in the market.

#### **7. Retail market growth**

GST will lead to market consolidation because it will facilitate state and central taxes and eliminate all confusion in various markets. Retailers can easily expand your business across the business limits, because they only need to register their business and then operate in all states. This will help in the development of retail market and the economy of the country will be encouraged.

#### **8. Policies-**

Retail traders will have to make changes in their policy due to GST implementation .Now they will have to supply your goods across the boundaries of the state .Thus, retailers will have to think about their supply chain technology again.

#### **9. Great opportunity**

There will now be a huge opportunity for the retail sector. This will give them a better business plan .From this, the retail sector will have the freedom to implement for further development.

#### **10. Reduce complications Due to GST taxation-**

Retailers will be able to do business more smoothly. Policies will be regulated according to other GST rules and they will not waste their time in paying various taxes. There will be no waiting to meet all other policy requirements. Their complications will be reduced as they will have to pay.

#### **11. Beneficial for innovators –**

GST beneficial for the new businessmen. Many new initiatives will be launched in respect of retail sales, as they will only have to enter their business. This can also be achieved the benefits of tax system under the new GST law. Which will enable the business to work more freely with the new policy and will be more attracted to joining the retail sector.

#### **12. Goods will be bought in the entire country –**

Across the state, the country will be selling goods. Because excise duty has replaced by GST. Sellers can sell goods in the entire country at same rate.

#### **Conclusion-**

Considering the above information and data, in GST retail sector is definitely worthwhile. Under the new GST law, GST has many advantages over the retail sector and this is a very good thing for the retail sector. This is going to increase in the development of the retail industry and the development of the economy. Businesses will have a lot of increase



because they will be capable of doing business without any hurdles, more independently and able to expand business in different states. Due to the extra cost of supply chain the prices of commodities was increasing in traditional system. In GST, Supply Chain will be of great benefit as the cost of reduction in transportation and godown cost. GST law will help retailers to increase profits. It can also be possible to give the goods at a lower price from time to time to the final customer. The retailer can fill the tax online and not need to go through the intermediaries. The retailer will not have to pay any extra taxes, retailers will be able to sell their Product across state borders to other states and the entire country. Due to the closure of excise duty, the traffic barrier will be reduced and it will be able to convey its goods in the right time. The impact of GST on the retail sector is very positive. Retail businesses have to re-evaluate their existing supply chain policies and re-evaluate their networks. In essence, GST has a positive impact on the entire retail sector.

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## **GST and Its Impact Tourism and Hospitality Industry in India**

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### **Abstract:**

*Under the previous tax system, the traveler had to pay different taxes like service tax for the rooms, restaurants, banquets, cab service, and others, VAT for food (such as in room dining, mini bar etc), customs and excise duty, central excise duty on the manufacture of bakery products, state excise on alcohol etc. Additionally, there were other taxes like the luxury tax on room rentals, entertainment tax on casinos, discos, videos, state entry taxes and many other taxes. However, the new Goods and Services Tax (GST) has made the process much simpler. As a consumer of tourism and hospitality services, a single tax structured bill should save up to 10% to 15% on the overall bill. Entertainment, luxury and other service taxes in the hospitality industry shall attract a rate of 18% as against the existing 20% to 28%.*

**Key Words:** GST, Hospitality Industry, Tourism industry, Tariffs, GDP, FDI, Consumer, Tariffs, Restaurants

### **Introduction:**

The GST Council has decided the GST rates on the hotel and tourism industry. The hotels have been levied with different tariffs and have decided that the hotels with the tariff charts below INR 7500 will be taxed at 5% flat GST tax rate with no ITC. For the room tariff above INR 7500, there is 18% GST tax rate with the facility of ITC. The GST has brought down the cost and travel expense in the tourism industry. The Hospitality and tourism industry is one such sector in the economy that is deliberating over the new tax regime. Hospitality is one of the most competitive and steadily growing industries in the country. The tourism industry contributes nearly \$136 billion to India's GDP and is expected to further grow to US \$280.50 billion by 2026. Hospitality and tourism industry creates highest employment generating sectors and among the top 10 sectors in the country with the highest volume of foreign direct investment (FDI). In addition to being one of the top sources of foreign exchange, tourism is also among the highest tax generating sectors in the country.

### **Objectives:**

The primary objectives of the present research paper are as follows:

- ❖ To study the positive impact of GST on Tourism and Hospitality Industry in India
- ❖ To study the negative impact of GST on Tourism and Hospitality Industry in India

### **Research Methodology:**

To achieve the objectives secondary data is analyzed and presented. To understand the various corner of the issue information related to the impact of GST on Tourism and Hospitality Industry in India is reviewed. The secondary data is collected from Government



publications, reports, reference books. Similarly Journals, newspapers also used to prepare the research paper.

### Meaning of Tourism:

Tourism is travel for pleasure or business; also the theory and practice of touring, the business of attracting, accommodating and entertaining tourists, and the business of operating tours. Tourism may be international or domestic, and international tourism has both incoming and outgoing implications on a country's balance of payments. Today, tourism is a major source of income for many countries, and affects the economy of both the source and host countries, in some cases being of vital importance.

Tourism in India is economically important and is growing rapidly. Domestic tourist visits to all states and union territories. Tamil Nadu, Maharashtra and Uttar Pradesh were the most popular states for tourist. Delhi, Mumbai, Chennai, Agra and Jaipur have been the five most visited cities of India by foreign tourists. Worldwide, Delhi is ranked at 28<sup>th</sup> by the number of foreign tourist arrivals, while Mumbai is ranked at 30<sup>th</sup>, Chennai at 43, Agra at 45, Jaipur at 52 and Kolkata at 90. The Travel and Tourism Competitiveness Report 2017 ranks India 40<sup>th</sup> out of 136 countries overall. It mentions that India has quite good air transport (ranked 32<sup>nd</sup>) particularly given the country's stage of development and reasonable ground transport infrastructure (ranked 29<sup>th</sup>).

### The impact of GST on Restaurants:

According to the National Restaurant Association of India's 2013 India Food Service Report, the current size of the Indian food service industry is Rs.2,47,680 crore and is projected to grow to Rs. 4,08,040 crore by 2018 at the rate of 11%.

### Gains to the restaurant sector:

- Overall cost of procurement of raw materials will go down
- Since most items used in the restaurant industry like food grains, milk, eggs, curd, common salt, sugar, tea etc. are either exempt from GST. The restaurant industry has a lot of positive takeaways.
- Through the entire restaurant industry will benefit from GST, could kitchens and food delivery businesses will be most benefited.
- 

Item	Rate of GST
Unpacked food grains, Milk, Eggs, Curd, Fresh vegetables, Atta, Maida, Salt	Exempt from GST
Sugar, Tea, Roasted coffee beans, Edible oils, Milk foods for babies, Packed Paneer, Domestic LPG	5%
Butter, Ghee, Cashew, Almonds, Fruit juice	12%
Pasta, Corn flakes, Jams, Soups, Ice-cream	18%



**Tax Slabs for tourism under GST:**

**1. Accommodation & Catering:-**

GST rates for hotels are divided into four categories:

Price of Hotel Room Per Night (INR)	GST Rate (%)
<1000	0%
1000 to 2500	12%
2500 to 7500	18%
>7500	28%

**2. Transportation:**

Any transportation in economy class shall be taxable at 5% else taxable at 12%.

**3. Attractions:**

Attractions like theme parks and natural attractions including scenic beauty etc. will be taxable at a rate of 18%.

**4. Travel Agents:**

GST will be applicable on tour agents and shall be taxable at 18%.

**5. Tour operators:**

GST for tour operators is taxable at 5% with input tax credit and no ITC.

**Impact of GST on Hotels:**

Accommodation forms a major part of a traveler's journey. Earlier, Hotel owners were tense as room worth INR 5000 a night would have taxed at 28% but now the rooms above INR 7500 will be taxed at 28%. The tax slab shows that travelers should prefer budget rooms that cost less than INR 1000 per night.

**The Positive Impacts of GST on the Hospitality and Tourism Industry:**

Under the GST, all the indirect taxes are merged together under one single tax system that runs uniformly across the country. This will help the Indian tourism industry and bring about a much needed parity across tourists destinations in India.

**1. Easier administration and procedures:**

By subsuming multiple taxes under a single category, GST will abolish the tax on tax structure, reduce the complexity of taxation procedures and streamline it.

**2. Simplicity for Consumers:**

Most average consumers cannot distinguish between multiple taxes and rates. With the GST regime, consumers will have a more comprehensible and transparent tax structure with only a single charge on their bill.

**3. Greater technological burden:**

Among the pros of GST, there are also a few cons that are hard to overlook. One of them is increased burden on service providers to employ technology based tools for taxation procedure. While the guidelines on managing accounts and filing returns are well defined, it will require businesses to become technological adept, increasing the burden and cost of compliance.



#### **4. Increased Costs:**

Businesses will increasingly look to recover the additional technology costs from their customers, which may lead to higher tariffs.

#### **5. Lack of competitiveness with other Asian countries:**

While GST will make India a bigger player in the global hospitality and tourism industry, there is no global competitiveness in tax rates. Other Asian countries like Japan and Singapore have much lower tax rates in the hospitality sector (7% to 8%) which is amongst the top reason why tourist prefers to visit these countries and others such as Malaysia, Thailand etc.

#### **The Negative Impacts of GST on the Hospitality and Tourism Industry:**

The GST has led to higher tariffs and increased cost burden in the tourism and hospitality sector. As India is emerging as a global destination, services should be at par with global rates. India's neighboring countries like Japan and Singapore have very low taxes of 7% and 8% for their hospitality sector which has helped to established them as major tourist destinations. The higher slab in the sector is likely to make India uncompetitive in the international market. The hotel's segment gets an overall cost increase. Especially, with the applied GST of 28%, the segment of rooms with tariffs above Rs.7500 is to face maximum negative impact, where the proposition with a considerable tax portion may appear less attractive to travelers. The prices of luxury hotels and business class air fare have increased due to increase in GST rates. Booking through agents is costlier as agents will charge 18% GST instead of earlier 15%. GST is a mixed bag of better and easier rules and regulations and costs and compliances.

#### **Conclusion:**

After the implication of goods and service tax (GST) in the economy, there is an adverse effect on tourism and hotel industry in India. The reports are not indicating positive results for the hotel industry as many of hotels are complaining of lower booking for this year. According to previous scenario, the region hits the great amount of revenue in the New Year season but this time it is not proving according to the history. The upcoming season is expected to be on lower end due to the higher 28% tax rate on hotel industry above the room tariff of 7500. India has a higher rate of taxes than the neighboring South East Asian countries. However, GST will still lower the previous tax rate and may need revising them again in the near future. We should all welcome it and make it a part of our lives.

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## Basics and Structure of GST

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### **Introduction:**

France was the first country to introduce GST in 1954. Worldwide, Almost 150 countries have introduced GST in one or the other form since now. Most of the countries have a unified GST system. Brazil and Canada follow a dual system. Finally, the landmark event in India's taxation history arrived on July 1, 2017, when GST (Goods and Services Tax) became the reality. The biggest reform, which is expected to simplify the Indian tax structure, was launched by the Prime Minister Narendra Modi in the Central Hall of Parliament in the wee hours of 1st July. Jammu & Kashmir, previously, was not the part of the GST regime. But with the state assembly passing the bill despite a boycott by the opposition, the GST in J&K has become a reality now. In China, GST applies only to goods and the provision of repairs, replacement and processing services

Goods and Service Tax (GST) is introduced by replacing various indirect taxes. These taxes was divided into two, first Centre taxes which are Service Tax, Excise Duty, and Custom Duty, Security transaction Tax and secondly state taxes which are VAT, Entertainment Tax, and Stamp Duty etc. The States Taxes and Central Taxes and their rates were also different.

GST mechanism is important to study. GST is one tax system which provides sing tax rate in the overall the nation so the rates of the commodities also equals in the country. In previous tax system due to different taxes and different rates the prices of commodities were also different so this problem has eliminated in GST. As well as the availability of tax input credit reduces the burden at customers end because double tax effect avoided in GST.GST is transparent tax system in India so it is beneficial to the Indian economy

### **Objectives of the study:**

1. To study concept and mechanism of GST
2. To Study the slab structure of GST.

### **Hypothesis:**

1. GST replaces various indirect taxes.
2. GST avoids cascading effect of Taxation.
3. Revenue goes to Central and State separately.

### **Research Methodology:**

Secondary sources are used for the study. Newspapers, reference books, articles etc. as well as invoice bills of various commodities are used for the study

### **Meaning of GST**

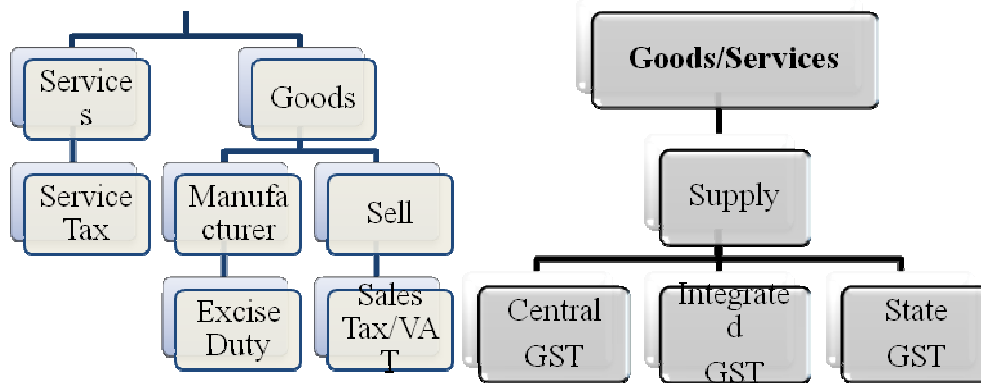
Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. In simple words, Goods and Service Tax is an



indirect tax levied on the supply of goods and services. GST Law has replaced many indirect tax laws that previously existed in India. GST is one indirect tax for the entire country. Under the GST regime, the tax will be levied at every point of sale. In case of interstate sales, Central GST and State GST will be charged. Intra-state sales will be chargeable to Integrated GST. Now let us try to understand the definition of Goods and Service Tax – “GST is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition.”

**1. Traditional Tax System**

**2. Goods and Service Tax (GST)**



➤ Multi-stage

There are multiple change-of-hands an item goes through along its supply chain: from manufacture to final sale to the consumer.

Let us consider the following case:

- ✓ Purchase of raw materials
- ✓ Production or manufacture
- ✓ Warehousing of finished goods
- ✓ Sale to wholesaler
- ✓ Sale of the product to the retailer
- ✓ Sale to the end consumer

Goods and Services Tax will be levied on each of these stages, which makes it a multi-stage tax.

➤ Value Addition

The manufacturer who makes bread buys flour, sugar and other material. The value of the inputs increases when the sugar and flour are mixed and baked into bread. The manufacturer then sells the biscuits to the warehousing agent who packs large quantities of breads and labels it. That is another addition of value after which the warehouse sells it to the retailer. The retailer packages the bread in smaller quantities and invests in the marketing of the bread thus increasing its value. GST will be levied on these value additions i.e. the monetary worth added at each stage to achieve the final sale to the end customer.

➤ Destination-Based

Consider goods manufactured in Maharashtra and are sold to the final consumer in Gujarat. Since Goods & Service Tax (GST) is levied at the point of consumption, in this case, Gujarat, the entire tax revenue will go Gujarat and not Maharashtra.



### **Constitutional Amendment:**

While the Centre is empowered to tax services and goods upto the production stage, the States have the power to tax sale of goods. The States do not have the powers to levy a tax on supply of services while the Centre does not have power to levy tax on the sale of goods. Thus, the Constitution does not vest express power either in the Central or State Government to levy a tax on the 'supply of goods and services'. Moreover, the Constitution also does not empower the States to impose tax on imports. Therefore, it is essential to have Constitutional Amendments for empowering the Centre to levy tax on sale of goods and States for levy of service tax and tax on imports and other consequential issue.

### **Types of Supply**

#### 1. Exempt supplies

Exempt supplies are supplies of goods or services which are not subject to GST. Businesses do not collect any GST on their supplies and are not entitled to claim credit on his business inputs.

#### 2. Zero-rated supplies

Zero-rated supplies are taxable supplies of goods and services which are subject to GST at zero percent rate. In this respect, businesses do not collect any GST on their supplies but are entitled to claim credit on inputs used in the course of furtherance of the business.

#### 3. Standard-rated supplies

Standard-rated supplies are taxable supplies of goods and services which are subject to a proposed rate of 6%. A taxable person who is registered under GST has to collect GST on the supply and is eligible to claim input tax credit on his business inputs in making taxable supplies.

#### 4. Supplies not within the scope of GST

Supplies which do not fall within the charging provision of the GST Act include non-business transactions, sale of goods from a place outside India to another place outside India as well as services provided by the Government sector.

### **Slab Structure in GST**

The GST scheme consists of a four slab structure under which the proposed goods and services will be taxed accordingly. The four slabs are 5%, 12%, 18% and 28%. The five services, which feature a taxation of 28% under GST, include five-star hotels, racing, movie tickets and betting on casinos and racing. Education and healthcare are exempted from the tax regime and will continue to remain unaffected. The majority of the services form the part of the 18% tax slab. The scheme is expected to have a mixed effect on the industry as the impact of the same will be visible in the upcoming few years.

### **Various GST Tax Slabs in India :**

#### 1. No Tax

- ✓ Goods - No taxes will be levied on goods like milk, fruits, vegetables, bread, salt, bindi, curd, sindoor, natural honey, bangles, handloom, besan, flour, eggs, stamps, printed books, judicial papers, and newspapers.
- ✓ Services - All hotels and lodges who carry a tariff below ₹ 1,000 are exempted from taxes under GST.



2. GST Tax Slab of 5%

- ✓ Goods - The goods which will attract a taxation of 5% under GST include skimmed milk powder, fish fillet, frozen vegetables, coffee, coal, fertilizers, tea, spices, pizza bread, kerosene, ayurvedic medicines, agarbatti, sliced dry mango, insulin, cashew nuts, unbranded namkeen, lifeboats etc.
- ✓ Services - Small restaurants along with transport services like railways and airways, Standalone ACs non-ACs Restaurants and those which serve liquor, Takeaway Food, Restaurants in hotels with a room tariff less than ₹7,500 (no input credit for these restaurants), will come under this category.

3. GST Tax Slab of 12%

- ✓ Goods - Items coming are the tax slab of 12% include frozen meat products, butter, cheese, ghee, pickles, sausage, fruit juices, namkeen, tooth powder, medicine, umbrella, instant food mix, cell phones, sewing machine, man-made yarn, etc.
- ✓ Services - Business class air tickets will attract a tax of 12% under GST.

4. GST Tax Slab of 18%

- ✓ Goods - As mentioned above, most of the items are part of this tax slab. Some of the items are flavored refined sugar, cornflakes, pasta, pastries and cakes, detergents, washing and cleaning preparations, safety glass, mirror, glassware, sheets, pumps, compressors, fans, light fitting, chocolate, preserved vegetables, tractors, ice cream, sauces, soups, mineral water, deodorants, suitcase, brief case, vanity case, oil powder, chewing gum, hair shampoo, preparation for facial make-up, shaving and after-shave items, washing powder, detergent, stones used in flooring, marble & granite, sanitaryware, leather clothing, wrist watches, cookers, stoves, cutlery, telescope, goggles, binoculars, oil powder, cocoa butter, fat, artificial fruits, artificial flowers, foliage, physical exercise equipment, musical instruments and their parts, stationery items like clips, some diesel engine parts, some parts of pumps, electrical boards, panels, wires, razor and razor blades, furniture, mattress, cartridges, multi-functional printers, door, windows, aluminium frames.
- ✓ Services - Restaurants located inside hotels with tariffs of ₹7,500 and above, outdoor catering (input tax credit to be available), IT and Telecom services and financial services along with branded garments will be part of this tax slab.

5. GST Tax Slab of 28%

- ✓ Goods - Over 200 goods will be taxed at a rate of 28%. The goods which will be part of this category under GST are sunscreen, pan masala, dishwasher, weighing machine, paint, cement, vacuum cleaner. Other items include automobiles, hair clippers, motorcycles.
- ✓ Services - As mentioned above, five-star hotels, racing, movie tickets and betting on casinos and racing will come under this category.

**Mechanism of GST**

Illustration: Let us assume that a dealer in Maharashtra had sold the goods to a dealer in Punjab worth Rs. 50,000. The GST rate is 18% comprising of only IGST.



In such case, the dealer has to charge Rs. 9,000 as IGST. This IGST revenue will go to the Central Government.

The same dealer sells goods to a consumer in Maharashtra worth Rs. 50,000. The GST rate on the good is 12%. This rate comprises of CGST at 6% and SGST at 6%.

The dealer has to collect Rs. 6,000 as Goods and Service Tax. Rs. 3,000 will go to the Central Government and Rs. 3,000 will go to the Maharashtra government as the sale is within the state.

**Central and State GST charge Mechanism**

1. In the invoice No. 1 on which commodity comes under 5% slab. At 2.5% State GST and at 2.5% Central GST are charged on it.
2. In the invoice No. 2 on which commodity No.1 & 3 comes under 5% slab. At 2.5% State GST and at 2.5% Central GST are charged. Commodity No.3 comes under 12% slab at 6% State GST and at 6% Central GST are charged on it.

**Invoice No. 1**

**M/S.BALWANT WAMAN PAWAR**  
14, GANESH PETH, SINNAR,  
DIST.NASHIK.  
GSTIN/UIN: 27AADFB4827B1ZV  
E-Mail : b.w.pawar@gmail.com

**TAX INVOICE**

Bill No. : 17-18/7638  
Date : 25-11-2017

Sl	Description	HSN/SAC	Qty	Rate	Amount
1	SAREE SYNTHETIC	5407	1	247.62	247.62
OUTPUT CGST@2.5%					6.19
OUTPUT SGST@2.5%					6.19
Total				1	₹ 260.00

HSN/SAC	Taxable Value	Central Tax Rate	Central Tax Amount	State Tax Rate	State Tax Amount	Total Tax Amount
5407	247.62	2.50%	6.19	2.50%	6.19	12.38
<b>Total</b>	<b>247.62</b>		<b>6.19</b>		<b>6.19</b>	<b>12.38</b>

Cash : 260.00  
Cash Tendered : 260.00  
Balance :  
Total Paid : 260.00

5S

Thank you...  
Visit Again...

**Invoice No. 2**

**TAX INVOICE**  
M/S Manaklal Kirankumar Katariya  
45/46 Ganesh Path Bazar Ves.Sinnar Maharashtra-422103  
Ph.No.02551-221121/221120,Mob.No.9404688648

Invoice No. 10933      Dated 14/11/2017 (7:11 pm)  
Sales Rep.

**Party : Cash**

SrNo	Particulars	Qty	MRP	Total
HSNCodeGST				
1	Pant B	1	1,199.00	1,199.00
				0
6103				
2	Pant A	1	786.00	786.00
6103				
3	Shirt A	1	945.00	945.00
6105				
<b>Total</b>				<b>2,930.00</b>

HSN/SAC	Central Tax		State Tax	
	Rate	Amount	Rate	Amount
6103	2.5%	18.71	2.5%	18.71
6103	6%	64.23	6%	64.23
6105	2.5%	22.50	2.5%	22.50
<b>Total</b>		<b>105.44</b>		<b>105.44</b>

GSTIN : 27AAEHK0066J1Z9  
STATE : MAHARASHTRA CODE : 27

No Exchange.

Thank You. Visit again !!!

This is a Computer Generated Invoice.



### **Conclusion:**

After studying this found that the GST is one uniform tax overall in the nation excluding various Central and State indirect taxes like, VAT, Excise duty, custom duty etc. Goods and Service tax is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition. There are four types of supply exempt supply, zero rate supply, standard rate supply and supply not within the scope of the supply. We have to pay GST on the standard rate type of supply on which The GST scheme consists of a four slab structure under which the proposed goods and services will be taxed accordingly. The four slabs are 5%, 12%, 18% and 28%.

Tax charged on the commodities separately state GST and central GST. E.g. If the rate of the GST 5% then 2.5% will charged as State GST and 2.5% charged as Central, in case of interstate transaction IGST will be charged on it.

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## Impact of GST In India

**Prof. Smt. Vandana D. Penkar.**

Arts and Commerce college, Satpur, Nashik.

### Abstract :-

*The present article is based on the current scenario of GST system in India which is introduced from 1st July 2017. It also try to make aware with various benefits of GST such as it is beneficial to the customers, small traders and for the government.*

**Key words :-** GST, Taxpayer, Indirect Tax, Manufacture.

GST means Goods and Service Tax . It is an indirect tax and this tax is levied on sale , manufacture and consumption of goods and services at a national level. GST is an indirect tax which was introduced in India on 1st July 2017 and this tax was applicable to whole states of India only Jammu Kashmir is exempted. Which replaced multiple cascading taxes levied by the central and state Government.

GST is an indirect tax that brings most of the taxes imposed on goods and services on manufacture sales and consumption under a single head at national level. In previous tax system taxes are levied separately on goods and services, it is payable at the final point of consumption at each stage of sale or purchase. This tax is collected on value added Goods and services through a tax credit mechanism. In GST system most of taxes are combine under a single head. The GST is a consolidated tax. The GST system will combine central excise duty additional excise duty service tax, Service Tax VAT entertainment tax etc. under a single head.

In previous tax system taxes are levied at each stage of sale or purchase of goods and services and that increases the price of goods at each stage . In GST system taxes are levied only at the final destination of consumption and not at various points. In GST system when all taxes are integrated it would reduce taxation burden of tax-payer. It will also help to build a transparent and corruption free tax administration. GST is one step towards simplifying the muddled up tax system.

The GST system of tax is governed by a GST council and finance minister of India is the chairman of this council. Under GST system five slabs are provided for tax and these are 0%,5%,12%,18%,28%.

### Advantages of Goods and Service Tax :-

#### 1. GST eliminates cascading effect of tax:

GST is a indirect tax and it is levied on manufacture , sale and consumption of goods as well as services at a national level which replaced cascading taxes levied by the central and state government.

#### 2. Higher threshold for registration :-

GST system is more beneficial to small traders and businessman. In VAT system any business with a turnover more than 5 lakh and for services up to limit 10 lakh was liable to



pay tax. In GST system this limit or threshold has been increased to 20 lakh, which exempts many small traders and service providers.

### **3. Composition scheme for small business:-**

GST system is created composition scheme to reduce the burden of tax for small business. In this system small businesses with a turnover of 20 lakhs to 75 lakhs can benefit as it gives an option to lower taxes by utilising the composition scheme.

### **4. Easy and Simple online procedure:-**

In previous tax system any businessman had to pay various types of taxes and required a very critical procedure. But in the GST system is easy as businessman have to pay only one tax and the procedure to pay the tax is not critical as a previous one.

### **5. Unorganized sector is regulated under GST:-**

In previous tax system certain industries in India like construction and textiles were largely unregulated and unorganized. GST has brought in accountability and regulation to these industries.

### **6. GST bring parity in taxation on local and imported product :-**

All imported goods will be charged with integrated tax (IGST) , which will be more or less equivalent to central GST + state GST. this bring parity in taxation on local and imported products.

### **7. GST brings buoyancy to the Government revenue :-**

GST is expected to bring buoyancy to the government revenue by widening the tax base and improving the the taxpayers compliance. GST is likely to improve India ranking in the Ease of doing business index and is estimated to increase GDP.

### **8. GST beings most of taxes under one head :-**

The GST system combine most of taxes under one head. The GST system will combine 17 various types of taxes like central excise duty, additional excise duty, service tax, state VAT, entertainment tax etc. Under a single head.

### **9. Development of common national market :-**

GST will be levied only at the final stage of consumption or final destination of consumption based on VAT principle and not at various stages from manufacturing to retail outlets. This will help in removing economic distortion and it is possible to the development of a common market.

### **10. Helps to build a transparent and corruption free tax administration :-**

GST will be definately improve current tax system because it helps to reduce the percentage of tax avoidance and tax evasion and that's why it help to build transparent and corruption free tax administration.



### **11. GDP provide greater certainty to taxation system :-**

Implementation of GST is all over the India common procedure for the registration' of tax payers refund of taxes ,uniform format of tax return, command tax base, common system of classification of goods and services along with timeline for every activities will lend greater certainty to taxation system .

### **12.Reduce the cost of goods and services :-**

GST is beneficial to the customers because it is a combined tax of pervious seventeen taxes . It reduce the tax liability of tax payer and because saving in this tax the MRP price of goods and services will be decreases.

### **Conclusion :-**

It can be concluded that from the above information that GST will defenately provide better tax system than the previous one. It is helpful to the customers, traders, and also to the Government. And It is more advantageous to every strata of the society.

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## Impact of GST on FDI

**Rameshwar Narayan Sonawane**

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### Abstract:

Goods and service tax (GST) one of the most ambitious tax reforms. GST is a dream come true for the economy of the nation. GST is a game changer for the Indian economy as it facilitates creation of common market with minimum exemptions and maximum compliances. GST has provided uniformity of tax structure and rates across the country and has also help in avoiding cascading of taxed and reduction in cost of compliance. Widening the tax base as a result of GST implementation would help in preventing revenue leakages and will achieve the objectives of rationalisation of tax structure.

### Introduction:

GST is huge reform for indirect taxation in India, the likes of which the country has not seen post-independence. GST will simplify indirect taxation, reduce complexity and remove the cascading effect. Definitely GST will have huge impact on business both big and small and change the way the economic function. GST is one indirect tax for the whole nation, which will make India one unified common market. GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Also GST is comprehensive, multi-stage, destination-based consumption tax on levied at every stage of value addition in the lifecycle of a product.

GST is expected to have a massive impact across all sectors, the boost to foreign direct investment (FDI) will also be significant. Overall, we can see a major shift from the unorganised sector to the organised one with improved efficiency and productivity. India's position as a leading market for FDI investment would be further enhanced by simplifying the tax structure, the government is effectively incentivising foreign investors to increase their investment quantum in India.

India is a currently ranked 172/190 in ease of paying taxes, under the easy of doing business index published by the World Bank. The government would be hoping to significantly improve this with the implementation of GST. The improvement of the overall economic outlook will create a conducive environment for foreign investment, with the expectation of faster growth driven by formalisation of economy and lower compliance coupled with existing factors like favourable demographic and low cost advantage.

### FDI in flows

"FDI means foreign direct investment is an investment in the form of controlling ownership in a business in one country by an entity based in another country". An increase in FDI means helps in improved economic growth. The country invest its FDI into new projects and infrastructure to boost developments. China is a largest recipient of foreign direct investment with \$24.1 billion and United States which had \$17.4 billion of FDI in 2013.



Total FDI into India, since April 2000 including equity inflows, reinvested earnings and other capital is US\$ 467.35 billion ( april,2000-november2016) during the calendar year 2016, FDI equity inflows of US\$ 43.06 billion have been received. This represents increase of 24% over the FDI equity inflows of US\$ 34.69 billion received during the corresponding period.

The FDI equity during the current financial year 2016-17(up to November, 2016) surged by 31% to US\$ 32.50 billion from US \$ 24.81 billion in the year ago period. Further, during the last 32 months i.e. April 2014 to November 2016, FDI equity inflows recorded a growth of 54% from US \$ 67.30 billion to US \$ 103.43 billion over the preceding year period of 32 months.(August 2011 to march 2014)

### **GST Positive and Negative Impact on FDI:**

GST implementation is expected to welcome a tide of benefits for the common man and business owners. Some of these benefits include reduced tax, hassles and expenses, no overlapping of taxes, reduction in overall tax burden, reduced logistic cost, control on leakages, higher revenue efficiency, reduction in cost for tax and regulatory compliance and export effectiveness.

With GST, tax compliance is expected to safeguard the loss of tax credits. This will result in more profits in trade measure. The implementation of GST bill will strengthen the nation's taxation structure and bring it at par with some of the best economies of the globe.

With respect to international trade and FDI, GST implementation can positively be termed as a breakthrough tax reforms by streamlining the tax structure, India has opened its gate to foreign investors. Increased tax compliance will ensure reduced litigations and increased investor confidence.

Also, with provisions such as zero-rated exports, GST will boost exports that will move tax free. Trade cost will also significantly drop as intermediate costs, such as those required for payment of multiple levels of taxes and documentation, will get eliminated. Stronger tax compliance and lesser documentations will reduce delays in clearance or granting of licence for projects.

India fares poorly in the ease of doing business index and one of components of this index calculation is the simplicity of the tax structure of a country. The tax structure of a country is ranked based on performance on various metrics such as number of tax paid, hours per year spent preparing tax returns and total tax payable as shares of gross profit. India's uncertain and unpredictable indirect tax regime is one of the key reason of its poor performance in ease of doing business index where it was ranked 130 out of 189 countries in 2015. The indirect tax regime of India involves a plethora of taxes that are levied by various levels of government, from centre to local. There is also a very high multiplicity in these taxes which increase the total tax rate in India making India comparatively more expensive tax regime compared to its fellow emerging economies. Apart from being highly expensive, India's tax regime is exceptionally complicated. Lack of consistency in the tax regime across the country makes it difficult for a foreign investor to grasp the tax structure. Thus, the most of the foreign investors are dis-incentivized to bet their money on India's growth story.



GST is expected to address these concerns by removing multiplicity of taxes and by establishing a simple and easy to comprehend structure which is in sync with global practices helps in establishing familiarly for a foreign investors.

With this there are some negative points which we must observe:

The rate of GST is proposed to be higher than the current VAT rate in India, which although reducing the price in the longer run, will be of no help in cutting down prices of commodities.

A business will indirectly controlled by both the centre and state in all tax related matters. The state will lose autonomy to change the tax rate which will be regulated by the GST council. Another main point is that some sectors are enjoying no excise duty or have enjoyed a lot of tax benefits will have to bear the brunt of a higher tax.

### **Conclusion:**

It can be concluded from the above discussion that the GST can be a great step towards tax reforms in India. It can be a really game changer for Indian economy. All the above positions externalities of GST are expected to encourage foreign investors to come to India. Success of MAKE IN INDIA campaign rests primarily on foreign investment flows which is turn critically dependent on the implementation of GST. Post the initial teething troubles, it is expected that GST will bring in much good for all sectors, including the FDI sector.

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## Effect of Implementation of GST on GDP

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### Introduction

The President of India approved the Constitution Amendment Bill for Goods and Services Tax (GST) on 8 September 2016, following the bill's passage in the Indian parliament and its ratification by more than 50% of state legislatures. This law has replaced all indirect taxes levied on goods and services by the central government and state government and implements GST by April 2017. The implementation of GST has a far-reaching impact on almost all the aspects of the business operations in India. With more than 140 countries now adopting some form of GST, India has long been a stand-out exception.

GST is a value-added tax levied at all points in the supply chain, with credit allowed for any tax paid on input acquired for use in making the supply. It would apply to both goods and services in a comprehensive manner, with exemptions restricted to a minimum.

In keeping with the federal structure of India, it was proposed that the GST will be levied concurrently by the central government (CGST) and the state government (SGST). It is expected that the base and other essential design features would be common between CGST and SGSTs for individual states. The inter-state supplies within India would attract an integrated GST (IGST), which is the aggregate of CGST and the SGST of the destination state.

### Objective :

To study the difference between the old and the new taxation systems in India. And to get an brief idea about the benefits and limitation of implementation GST in India

### Methodology

This paper is mostly based on the secondary data collected from News papers Magazines and various periodicals and websites.

### The Launch of GST

The Goods and Services Tax was launched at midnight on 1 July 2017 by the former President of India, Pranab Mukherjee, and Prime Minister of India, Narendra Modi. The launch was marked by a historic midnight (30 June – 1 July) session of both the houses of parliament convened at the Central Hall of the Parliament. Though the session was attended by high-profile guests from the business and the entertainment industry including Ratan Tata, it was boycotted by the opposition due to the predicted problems that it was bound to lead to for the middle and lower class Indians. It is one of the few midnight sessions that have been held by the parliament - the others being the declaration of India's independence on 15 August 1947, and the silver and golden jubilees of that occasion.

Members of the Congress boycotted the GST launch altogether. They were joined by members of the Trinamool Congress, Communist Parties of India and the DMK. The parties



reported that they found virtually no difference between the GST and the existing taxation system, claiming that the government was trying to merely rebrand the current taxation system. They also argued that the GST would increase existing rates on common daily goods while reducing rates on luxury items, and affect many Indians adversely, especially the middle, lower middle and poorer classes

**Difference between Calculation Of Tax Method Before And After Gst**

Before GST : a manufacturer’s commercial invoice reflects both central excise duty and state VAT on the same goods. This is because both are indirect taxes and are collected from the customer. Conceptually, however, at present the central taxes ‘manufacture’, and thereafter the state taxes ‘sale’ of the goods. The result is that the central excise duty is imposed first on the goods, and the state tax comes after that, on a value that is price plus central excise duty. If the goods are priced at Rs 100, and excise duty is 10% and VAT is 14%, the present scenario is that the invoice will read as follows:

Goods	Rs. 100.00
C. Excise duty @ 10%	Rs. 10.00
Sub-total	Rs. 110.00
VAT @ 14%	Rs. 15.40
Total	Rs.125.40

**After GST:**

When the same transaction of ‘supply’ is being taxed by both centre and states, the taxes are levied simultaneously on the same value. The rate of GST in the above transaction will be 24%, split as 10% central GST and 14% state GST. The transaction will then be taxed as follows:

Goods	Rs. 100.00
C.GST @ 10%	Rs. 10.00
S.GST @ 14%	Rs. 14.00
Total	Rs. 124.00

Thus there will be a reduction in the amount of VAT (to be known as SGST) payable if the rate remains the same. (The same result could have been achieved by changing the method of valuation in VAT / CST law, but there was no incentive for the states to do this or agree to it, as it involves reduction in their revenue.)

GST will provide input tax relief in inter-state transactions

**GST Rates Structure**

Rate(%)	Product
0	Eggs, Lassi, Unpacked Foodgrains, Children’s Drawing & Colouring Books etc.
5	Salt,Sugar,Tea,Milk,Packed Paneer,Agarbatti,Apparels(< Rs.1000) etc.
12	Fruit Juice,Almond,Umbrella,Computers,etc.
18	Life-saving drugs,Mobiles,Capital goods,Ice-cream,Soups,Printers etc
28	Small cars,High-end motorcycles ,Consumer durables such as AC and fridge,etc.



### **Impact of GST on GDP**

India's GDP has been recorded at 6.3 percent in the quarter of July-September, with a fast approach towards better number than 5.7 in the previous quarter. With some expectations for 6.7 percent in the financial year 2018, to the 7.3 percent and 7.5 percent in the FY 19 and FY 20 respectively. There is some hindrance to the GDP number due to GST as speculated by the experts but still, many economists are likely to maintain around 6.5 percent.

### **Positive Impact of GDP**

There will be one tax rate for all which will create a unified market in terms of tax implementation and the transaction of goods and services will be seamless across the states. The same will reduce the cost of the transaction. In a survey, it was found that 10-11 types of taxes levied on the road transport businesses. So the GST will be helpful to reduce transportation cost by eliminating other taxes.

After GST implementations the export of goods and services will become competitive because of nill effect of cascading effect of taxes on goods and products. In a research done by NCAER, it was suggested that GST would be the key revolution in Indian Economy and it could increase the GDP by 0.9 to 1.7 percent. As speculated earlier, the tax experts can now assume that the growth will be around 1 to 2 percent after the implementation of the GST.

GST will be more transparent in comparison to the existing law provision so it will generate more revenue to the Government and will be more effective in reducing corruption at the same time. Overall GST will improve the tax Compliances.

In a report issued by the Finance Ministry, it was mentioned that Make In India programme will be more benefited by the GST structure due to the availability of input tax credit on capital goods.

As the GST will subsume all other taxes, the exemption available for manufacturers in regards of excise duty will be taken off which will be an addition to Government revenue and it could result in an increase in GDP.

The GST regime has although a very powerful impact on many things including the GDP also. The Gross Domestic Product has the tendency to loom on the shoulders of revenue generated by the economy in a year. Still, a worthwhile point includes that the GST has the capability to extend the GDP by a total of 2 percent in order to complete the ultimate goal of increasing the per-capita income of every individual. Also, the GST scheme will certainly improve the indirect revenues to the government as the tax compliance will be further enhanced and rigid, extending the tax paying base which will add to the revenue. The increased income of the government will redirect towards the developmental projects and urban financing creating an overall implied scenario.

### **Negative Impact on GDP**

As the GST rates are 5%, 12%, 18% and 28% and if the GST rate on service will be finalized at 5% or 12% then cost of services will get reduced while in else case if the rate will be 18% or 28% on services then services will become costlier and it will lead to inflation for a short period.

In a report, DBS bank noted that initially, GST will lead to the rise in inflation rate which will remain for a year but after that GST will affect positively on the economy.



## Conclusion

Promises have been made and results are due. One year has passed for GST and there is a slight growth from previous quarter as predicted by many economists that the depletions aries in GDP will be of temporary phenomena and would take the country on long and bright path of success.

It has definitely brought more transference in the economy and has made doing business less complicated by removal of several registrations & certificates like Service Tax, MVAT, CST etc.

Initially entrepreneurs were reluctant to GST due to rigidness of the taxation system but as awareness is spreading in the market and new software making calculation of GST a easy job. This taxation system is getting its own share of popularity.

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## **GST – Impacts of GST on various commodities & services**

**Smt. Varsha Padmakar Mogal**

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### **Introduction :**

GST is a single uniform tax system which provides a one tax rate in overall the nation and eliminates the double taxation as well as ceases many complicated indirect and hidden taxes so the transaction cost of any commodity decreases and the tax burden at customers end decreases. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages. Generally, CGST, IGST and SGST are three types of GST.

After a lot of deliberation, our GST council has finalised the rates for all the goods and major service categories under various tax slabs, and the GST is expected to fill the loopholes in the current system and boost the Indian economy. This is being done by unifying the indirect taxes for all states throughout India. GST affected the prices of various goods and services in the India.

### **Objectives of the study:**

1. To study concept of GST
2. To Study the impact of GST on prices of different commodities and services.

### **Hypothesis:**

1. GST is a single uniform tax in India.
2. GST changed the prices of commodities and services

### **Research Methodology:**

For preparing this research paper, secondary data is used. The data have collected from various sources such as reference book, newspapers and websites etc.

### **Items completely exempt from the GST regime:**

1. The unprocessed cereals, rice & wheat etc.
2. The unprocessed milk, vegetables (fresh), fish, meat, etc.
3. Unbranded Atta, Besan or Maida.
4. Kid's colouring book/drawing books.
5. Sindoor / Bindis, bangles, etc.

### **Impact of GST on prices of various commodities/ Services:**

The tax rate under GST are set at 0%, 5%, 12%, 18% and 28% for various goods and services, and almost 50% of goods & services comes under 18% tax rate

1. Airline tickets

Under the GST, tax rate for economy class for flight tickets is set at 5% but the tax for business class tickets will have a higher tax rate of 12%.



2. Train Fare

There will not be much of an impact. The effective tax rate has increased from 4.5% to 5% in GST. But, passengers who travels for business trips can claim Input Tax Credit on their rail ticket which can help them to reduce expenses. People travelling by local trains or in the sleeper class will not be affected, but first-class & AC travellers will have to pay more.

3. Taxi rides

Now, taking an Ola or an Uber will be cheaper because the tax rate has come down to 5% from an earlier 6% for a cab booking made online.

4. Movie Tickets

Movies tickets costing below INR 100 will be charged a GST rate of 18% but prices above INR 100 will have a higher tax rate of 28%.

5. Life Insurance Premium

The Premium Amounts on policies will rise, with an immediate impact can be seen on your term and endowment policy premiums as the rates have been increased under GST across life, health and general insurance.

6. Mutual funds

GST impact on your returns from mutual funds investments will largely be marginal as the GST will be charged on the TER i.e. Total Expense Ratio of a mutual fund. The TER is commonly called as expense ratio of a mutual fund company, and the same is set to go up by 3%. The return what you get as an investor will be reduced to that extent unless the respective mutual fund company i.e. AMC absorbs it but that anyhow will be a marginal difference.

7. Jewellery

The gold investment will become slightly expensive because there will be 3% GST on gold & 5% on the making charges. The earlier tax rate on gold was around 2% in most of the states and the GST is increased from the existing rate to around 2% to 3%.

8. Property Buying

An Under construction properties will be cheaper than read-to-move-in properties. The GST rate for an under-construction property is 18% but the effective rate on this kind of property will be around 12% due to input tax credits the builder will avail of.

9. Education & Medical Facilities

Education and Medical sectors have been kept outside the GST ambit and both the primary education & healthcare is exempt from GST. It means a consumer will not pay any tax for the money you spent on these services. But due to increase in the rate of taxes for certain goods & services as procured by these organisations, they may pass on the additional tax burden to the consumers.

10. Hotel

For your hotel stay, If your room tariff is less than Rs 1,000, then there will be no GST, but anything above Rs 5,000 will attract 28% tax.

11. Buying a Car

Most of the cars in the Indian market will become slightly cheaper, except for the hybrid cars because the GST rate will be 28% tax on all the vehicles irrespective of their make, engine capacity or model. However, over and above this 28%, an



additional cess will be levied which can be either 1%, 3% or 15 %, depending on the particular car segment.

12. DTH and cable services

The money you pay towards your DTH (Direct-To-Home) connections or to your cable operator will reduce a bit as the rate is fixed at 18%, which is lower than the earlier taxes which were comprising of entertainment tax in the range of 10% to 30%, apart from the service tax of 15%.

13. Amusements Parks

The ticket price for amusement parks and theme parks will increase as the earlier service tax of 15% will become 28% under the GST.

14. Mobile Bills

People will have to pay more on mobile phone bills as GST on telecom services is now 18%, as opposed to the earlier tax rate of 15%. However, telecom companies may absorb this 3% rise due to fierce competition.

15. Restaurant Bills

Your restaurant bill would depend on whether you dined at an AC or Non-AC establishments which do not serve alcohol. Now dining at five-star hotels will be charged at 18% GST rate and the Non-AC restaurants will be charged 12% and a 5% GST will be charged from small hotels, dhabas and restaurants who do not cross an annual turnover of INR 50 Lakh.

16. IPL & other related events

Events like IPL i.e. sporting events will have a 28% GST rate which is higher than the earlier 20% rates. This will increase the price of your tickets. And the GST rate for other events like theatre, circus or Indian classical music shows or a folk dance performance or a drama show will be at 18% GST rate, this is lesser than the earlier tax rate.

17. Footwear & Apparels/Garments:

Footwear costing more than INR 500 will have a GST rate of 18% from an earlier rate of 14.41 rate but rates for the footwear below INR 500 has been reduced to 5%. So, you need to shell out more for buying a footwear above INR 500/-. And with respect to the ready-made garments, the rates have been reduced to 12% from an existing 18.16% which will make them cheaper.

### Sector-wise Impact Analysis

1. Logistics

In a vast country like India, the logistics sector forms the backbone of the economy. We can fairly assume that a well organized and mature logistics industry has the potential to leapfrog the “Make In India” initiative of the Government of India to its desired position.

2. E-commerce

The e-commerce sector in India has been growing by leaps and bounds. In many ways, GST will help the e-com sector’s continued growth but the long-term effects will be particularly interesting because the GST law specifically proposes a Tax



Collection at Source (TCS) mechanism, which e-com companies are not too happy with. The current rate of TCS is at 1%.

3. Pharma

On the whole, GST is benefiting the pharma and healthcare industries. It will create a level playing field for generic drug makers, boost medical tourism and simplify the tax structure. If there is any concern whatsoever, then it relates to the pricing structure (as per latest news). The pharma sector is hoping for a tax respite as it will make affordable healthcare easier to access by all.

4. Telecommunications

In the telecom sector, prices will come down after GST. Manufacturers will save on costs through efficient management of inventory and by consolidating their warehouses. Handset manufacturers will find it easier to sell their equipment as GST has negated the need to set up state-specific entities, and transfer stocks. They will also save up on logistics costs.

5. Textile

The Indian textile industry provides employment to a large number of skilled and unskilled workers in the country. It contributes about 10% of the total annual export, and this value is likely to increase under GST. GST would affect the cotton value chain of the textile industry which is chosen by most small medium enterprises as it previously attracted zero central excise duty (under optional route).

6. Real Estate

The real estate sector is one of the most pivotal sectors of the Indian economy, playing an important role in employment generation in India. The impact of GST on the real estate sector cannot be fully assessed as it largely depends on the tax rates. However, the sector will see substantial benefits from GST implementation, as it has brought to the industry much-required transparency and accountability.

7. Agriculture

The agricultural sector is the largest contributing sector to the overall Indian GDP. It covers around 16% of Indian GDP. One of the major issues faced by the agricultural sector is the transportation of agri-products across state lines all over India. GST will resolve the issue of transportation.

8. FMCG

The FMCG sector is experiencing significant savings in logistics and distribution costs as the GST has eliminated the need for multiple sales depots.

9. Freelancers

Freelancing in India is still a nascent industry and the rules and regulations for this chaotic industry are still up in the air. But with GST, it will become much easier for freelancers to file their taxes as they can easily do it online. They are taxed as service providers, and the new tax structure has brought about coherence and accountability in this sector.

10. Automobiles

The automobile industry in India is a vast business producing a large number of cars annually, fuelled mostly by the huge population of the country. Under the previous



tax system, there were several taxes applicable on this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty which will be subsumed by GST.

#### 11. Start-ups

With increased limits for registration, a DIY compliance model, tax credit on purchases, and a free flow of goods and services, the GST regime truly augurs well for the Indian start-up scene. Previously, many Indian states had different VAT laws which were confusing for companies that have a pan-India presence, especially the e-com sector. All of this has changed under GST.

#### **Conclusion:**

1. GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST is leviable on all supply of goods and provision of services as well combination thereof.
2. Confusions and complexities were expected and will happen. India, at some point, had to comply with such regime. Though the structure might not be a perfect one but once in place, such a tax structure will make India a better economy favourable for foreign investments. Until now India was a union of 29 small tax economies and 7 union territories with different levies unique to each state.
3. All sectors of economy whether the industry, business including Govt. departments and service sector shall have to bear impact of GST. All sections of economy viz., big, medium, small scale units, intermediaries, importers, exporters, traders, professionals and consumers shall be directly affected by GST.
4. One of the biggest taxation reforms in India – the Goods and Service Tax (GST) -- is all set to integrate State economies and boost overall growth. GST will create a single, unified Indian market to make the economy stronger. Experts say that GST is likely to improve tax collections and Boost India's economic development by breaking tax barriers between States and integrating India through a uniform tax rate.
5. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions.





## Goods and Services Tax (GST) in India : A Brief Review

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### Abstract :

*The Goods and Services Tax (GST) was introduced as The Constitution (101 amendment) Act, 2017 and was applicable throughout India on 1<sup>st</sup> July 2017. This is being held as a greatest tax reforms in India since Independence. The Goods and Services Tax (GST) is based on the concept of 'one nation, one tax, one market'. This research paper is paying attention on history of indirect tax in India, journey of GST, different concepts of GST, administration GST, tax rate structure of GST and recent changes in tax rate of GST. The paper also analyses the advantages, and challenges before GST. With the implementation of GST economy has faced some problems, and efforts have been taken by the government. Though the concept of GST is ideal its implementation is not easy in practice. Tax rate structure is the key issue of GST and it is time to rethink about the tax rate in the view of taking standard of people living in the India.*

### Introduction:

Taxation is the main source of government revenue. It is a right way of government revenue because of its special effect on social economy. We can find so many evidences of existence of taxation in ancient India. In India, the tradition of taxation has been in force from ancient times. The period of British rule in India witnessed some remarkable changes in taxation system of India. Setting up of administrative system and taxation system was first done by the British. After independence there were so many problems stand before the Indian economy. Government revenue needs to increase to undertake development programs. Meanwhile, the concept of 'tax as a crucial macro-economic policy which contributes to ensure social justice and reducing the inequalities of income and wealth in the economy' had well established. After 1947 the tax system was studied in detail and lots of changes were introduced to make it equitable, productive and economical.

### History of Indirect Tax Reforms in India:

Taxation is the main source of revenue of government and indirect taxes contribute the major share of total tax revenue in India. The central, State and Local governments mostly depend on it indirect tax. In India, indirect tax includes Sales tax, VAT, Octroi, Excise duties, Import duties, etc. After independence, Government of India has appointed various committees to make reforms in indirect tax system in the country. These committees focused on productivity, simplicity, economy, broadening base of indirect tax, prohibition on evasion and avoidance of indirect tax.

The reform process of India's indirect tax regime was started in 1974, L. K. Jha committee commended for the Value Added Tax (VAT). The introduction of MODVAT in 1986 was considered as a major step in respect of reformation of indirect tax. In 1993, services tax was first introduced in India. Entry tax introduced in 2000. The Government of



India has established a single rate Central VAT (CENVAT) in 2000, at the centre. The VAT in India was introduced as an indirect value added tax into the Indian taxation system from 1<sup>st</sup> April 2005. Recently launched GST has latest tax reform which subsume all above mentioned taxes.

### **The Journey of GST in India :**

A concept of single common 'Goods and Services Tax' was proposed in 1999. The former Finance minister of UPA government proposed introduction of GST in his Budget speech in 2006 and recently launched by NDA government, is based on the concept of 'one country, one tax and one market'. The sequence of event of GST is as follow :

- In 2008 Consensus on CGST and SGST (Dual GST)
- In 2011 Constitution Amendment Bill tabled in the Parliament
- In 2013 the Central government assured States for the compensation for in case of decrease in tax revenue of States, and disputes between Centre and States settled in 2013.
- The Constitution (122<sup>nd</sup> Amendment) Bill, 2014 was introduced in the Lok Sabha on 19<sup>th</sup> December 2014, and passed by the house on 6<sup>th</sup> May 2015
- 3<sup>rd</sup> August 2016, Constitutional (122<sup>nd</sup> Amendment) Bill was introduced in the parliament and passed by Rajya Sabha.
- 8<sup>th</sup> August 2016, Lok Sabha passed the Constitution Amendment Bill, paving way for GST. Finally in August 2016, A 22 – member select committee was formed to look into the proposed GST laws.
- 8<sup>th</sup> September 2016, The President gave assent to 'The Constitution (101 Amendment) Act, 2016.
- 29<sup>th</sup> March 2017, CGST, IGST, UGST, and GST compensation law passed in Lok Sabha. State and Union Territory GST laws were passed by all the States and Union Territories of India, paving the way for smooth rollout of the GST. From 1 July 2017, thereby ensuring that the entire nation is brought under an unified indirect taxation system.

### **Launch of GST :**

The One Hundred and Twenty Second Amendment Bill of the constitution of India officially known as The Constitution (One Hundred and First Amendment) Act, 2016, introduced a national GST in India at midnight on 1 July 2017. The launch was marked by a historic midnight session of both the house of parliament.

### **Administration of GST : GST Council**

On 8<sup>th</sup> August 2016 president gave assent to 'The Constitution (101 Amendment) Act, 2016 on 8<sup>th</sup> September 2016. As per the article 270A (1) of the amended constitution the GST council has constituted by the President. Since then the GST council and the Constitutional body to decide issues related to GST. The GST is governed by a GST Council and its Chairman is the Finance Minister of India. GST council is a joint forum of the Center and States and consists of following members 1. Union Finance Minister – Chair person 2. The Union Minister of States, in-charge of revenue of finance - members 3. The minister in-charge of finance or taxation or any other minister nominated by each State Government – members.



### **Concept of GST :**

The GST is a single and uniform system of indirect tax for the country as a whole. The GST is levies on all transactions such as sale, transfer, purchase, barter, lease or import of goods and services. In short it comprises almost all goods and Services (G & Ss) of Indian economy. The GST is a basically an indirect tax. It is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. This makes India a single unified market and expected to create a stronger economy. The earlier value added tax was original based tax against the GST is a called as a destination based tax because it is payable on the supply of goods and services. The GST can also be called last point retail tax. But being the last person in the supply chain, the consumer has to bear this tax.

The GST is a destination based tax, an end user consuming any goods and services is liable to pay the GST. The tax is received by State in which the goods and services are consumed and not by the State in which such goods are charged. In Intra-State transactions, a seller has to collect both CGST and SGST from the buyer. GST removes the cascading effect of tax, i.e. tax on tax and this is where concepts of CGST, SGST and IGST come into the picture. With the implementation of GST, check posts across the country have abolished ensuring free and fast movement of goods. The GST is likely to improve tax collections and boost India's economic development by the breaking tax barriers between State and integrating India through a uniform tax rate.

### **Concepts of CGST, SGST, UGST And IGST :**

India being Federal Republic has adopted federal structure in which there is clear cut distinction between the powers of the Centre and State Government. The Seventh Schedule of the Constitution lays down the respective functions and financial resources for the Centre and the State. The basic of principle of federal finance is that all the constituent units should have adequate sources of revenue. It has further been realized that the States, left to themselves, cannot raise sufficient revenues to meet their functional needs. Moreover, wide inter-State disparities exist. To remove these disparities The Constitution has made some special provisions with regard to distribution of proceeds of taxes.

As mentioned above India is federal country where the Centre and States have been assigned the powers to levy and collect tax. Both governments have distinct responsibilities to perform, as per Constitution of India, for which they need to raise tax revenue. Many countries in the world have a unified GST system. However, India has adopted dual GST system wherein a Central GST (CGST) and a State GST (SGST) has levied on the taxable value of a transaction. Central GST (CGST) is a tax levied on Intra-State supplies of both goods and services by the Central government and will be governed by the CGST Act. State GST (SGST) is a tax levied on Intra-State supplies of both goods and services by the State government and will be governed by the SGST Act. Both CGST and SGST would be levied on the basis of the Destination Principle.

Union Territory GST (UTGST) is to apply to a collection of tax on every Intra-UT supply of goods and services; it is applied to UT of India. Integrated GST (IGST) is a tax levied on all Inter-State supplies of goods and services and governed by the IGST Act. IGST has applicable on any supply of goods and services in both cases of import into India and



export from India. Revenue from this tax is to be assigned to origin States. Import is subject to GST. Under GST, export has zero rated.

### **Taxes Subsumed :**

Earlier to this more 600 taxes are levied by the Central, State and Local Government in India. One nation one tax is refers to consolidation of all these tax. The GST has encompasses goods and services in a comprehensive manner. Now all of indirect taxes are now subsumed within the GST, etc. The GST has subsumed several Central taxes such as CENVAT, Sales Tax (Central and States), Octroi, Excise duties, Entry tax, Service Tax, Entertainment Tax, Luxury Tax , Securities transaction tax, etc. The GST has subsumed several State taxes such as VAT, Entertainment Tax, Luxury tax, Taxes on Gambling, Octroi and Entry Taxes, Cess and Purchase Tax.

### **Goods and Services Tax Network (GSTN) :**

Use of Information Technology is an integral part of administration and implementation of GST. The GST Network (GSTN) is a non-profit, non-government organisation. It manages the entire IT system of the GST portal. The authorized capital of GSTN is Rs. 10 crore in which central 49 % of the shares are divided equally between the Central and State Government and rest 51 % owned by the private players.

GSTN is a portal which is the interface between the tax payers and the government. The entire process of GSTN is online starting from registration to the filing of returns. It helps to reduced human interference in handling the cases. GSTN has provided many training courses to government employees. So many call centers, software and mobile apps have developed for the simplification of taxation.

### **GST Rate Structure :**

The idea behind the GST is reduce the number of formalities and simplify the tax procedures, calculations, payments, assessment everything.

The GST comprises almost all production of goods and services in the country. The tax rate slabs on different types of goods and services are determined on the basis of necessity, elasticity, productivity and practically implementation. The GST is imposed at variable rates on variable items. Some products were untaxed under GST, such as fresh vegetables and fruits, meat products and other groceries and necessities. The government has categorized goods and services (G & Ss) in five major slabs - 0 %, 5%, 12 %, 18%, 28 %, + Cess.

With the introduction of GST, we have seen many reflections on the prices of goods and services. The GST rates influenced the prices of G & Ss as well as growth rate of the country. Considering the rising prices of goods and services and protest from people against the GST rates GST council has made changes in GST rates. GST council in its 22<sup>nd</sup> meeting held on 6<sup>th</sup> October 2017 has recommended for reduction of tax rate of 27 items. The 23<sup>rd</sup> GST council meeting was held on 12<sup>th</sup> November 2017 in Guwahati restructure the tax rate of some commodities. The tax rate of about 200 commodities were changed, it includes 178 commodities which were brought under 18 percent tax group from 28 percent tax group. To ensure consumer protection from arbitrary increase in prices in the name of GST government has approved the setting up of National Anti-Proteering Authority (NAA).



In short the problem is not the implementation of GST but the rate structure. Some more changes will have taken place in GST in coming time. But without pressure from the citizenry, it is not possible.

### **Advantages of GST :**

Here are some advantages of GST for economy of India.

1. The concept of one nation, one tax, and one market come into reality by launching GST.
2. India becomes single market, reducing cost and time on movement of goods.
3. GST has created a single, unified Indian market to make the economy stronger.
4. Manufacturers, traders, and service providers across India have been placed under on unified tax umbrella.
5. Uniformity of tax rate across the States.
6. Removal of the current cascading effect of taxes by subsuming of several Central and State taxes
7. GSTs expected boost India's economic development by breaking tax barriers between States in coming time.
8. One point single tax is convenient and economical for firms as well as government.
9. Reduces the corruption through online handling of cases by GSTN.
10. More tax revenue for government by wider tax base.
11. Reduction in paperwork and time wasted in paying taxes.
12. Increase in Exports due to zero rate on import.

### **Challenges Facing by GST :**

Over last 5 months of implementation of GST, all sectors of economy have directly affected. These sectors of economy have bearded impact of GST. The consumer (people), traders, manufacturer are facing many problems which are indeed necessary to discuss here; the challenges are as follows :

1. With the implementation of GST it has been seen that the prices of some G & Ss have increased dramatically and protest begin from the society.
2. There has been no change seen in reduction of ultimate burden of tax on the consumer.
3. GST has made categories of tax rate on the basis of the necessity of G & Ss; It creates the confusion to put the G & Ss in a specific tax rate group.
4. Though the GSTN has developed many software to simplification of GST, tax payer faces many problems such as lack of perfection in the software and inadequate internet facilities e.g. server down, network busy, slow speed, etc.
5. Confusion in determination of necessity of commodity which is the root cause of controversy in rate structure of GST.
6. GST rate in India is higher as compare to some other countries.
7. Clients' understanding of GST provisions is still at a nascent stage.
8. Lack of clarity in GST rules and regulations
9. Increase in inflation rate



However if the government has worked on these issues the implementation of GST became more efficiently and GST will reached to its ultimate goal of one nation, one tax, one market which is mean for the convenience of people in India.

### Summary :

There is always some objections arise while the changes are happening in traditional system. It is not meant that the changes are wrong. However the objections are important in democratic society for the eliminations of deficiencies in new changes. It can help to reforms more favorable towards the society. Even though we have seen some negative impacts of implementation of GST on economy, in short term the reforms in tax system will make a more proper tax system and strong economy in the long run. Recently CSO report states about countries improving growth rate. The GST may see lot of changes in the future and will continue to be a work in progress until it attains its final shape.

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## Impact of GST on Agricultural Sector

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### Introduction

India is mainly an agriculture country. Agriculture is the most important occupations for the most of the Indian families. In India agriculture contributes about 16% of total GDP and 10% of total export. Over 60 % of India's land area is arable making it the second largest country in terms of total arable land. An agriculture product of significant economic value includes rice, wheat, potato, tomato, onion, mangoes, sugar cane, beans, cotton, etc.

Goods and service tax is a single and broad based tax levied on goods and service consumed in an economy. Agriculture sector has been the root of Indian economy. About 52 percent of the total of the total rural livelihood depends on this sector as their primary means of livelihood, so it is important to study the impact of GST on Agriculture sector. The Implementation of GST would have an impact on many sections of the society. One of the major issues faced by the agricultural sector is the transportation of agriculture products across state lines all over India. It is highly probable GST shall resolve the issue of transportation. GST may provide India with its first national market for the agriculture goods. There are a lot of clarifications which need to be provided for rates for agricultural products. Special reduced rates should be declared for items like tea, coffee and milk under GST.

### Objectives:

1. To know the impact of GST on agricultural sector.
2. To know the difference between before the implementation of GST and after the implementation of GST.

**Data Base :** The Secondary data has been used for the preparation of this paper i.e. survey report, journals, research paper of this concepts, government reports, websites etc.

### Who is the agriculturist?

“agriculturist” means an individual or a Hindu Undivided Family who undertakes cultivation of land—

- (a) by own labour, or
- (b) by the labour of family, or
- (c) by servants on wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family;

### Before Implementation of GST.

There were certain food items like rice, sugar, salt, wheat, flour which were exempted from central VAT. Under the state VAT, cereals and grains were taxed at the rate of 4%. Agricultural products go through a lot of licensing and a number of indirect taxes under the previous tax laws.



Before the implementation of GST state VAT is applicable to all the agricultural goods at each state, it passes through prior to final consumption. Although there were certain exemptions available from state VAT for certain unprocessed food products like meat, eggs, fruits, vegetables etc.

### **National Agricultural Market in the light of GST.**

In order to achieve National Agricultural Market (NAM), there is need for harmonization in the provision of APMC Act, EC Act, WDR Act, The implementation of GST is expected to facilitate the implementation of National Agriculture Market on account of subsuming all kinds of taxes on marketing of agriculture produce as well as it would ease inter-state movement of agriculture commodities which would improve marketing efficiency, facilitate development of virtual markets through warehouses and reduce overhead marketing cost.

Agriculture commodities are perishable in nature in varying degrees therefore trade is influenced by the time required for transportation. The economist reports that long distance trucks in India are parked for 60% of the time during transportation. The simple uniform tax regime is expected to improve the transportation time and curtail wastage of precious food.

The old system many times, makes it difficult to implement tax support provided by the centre for an agriculture commodity due to heterogeneous policies adopted by the different state. The implementation of GST is expected to bring uniformity across state and centre which would make tax support policy of a particular commodity effective.

The ease of availing tax credit under GST regime is expected to boost inter-state trade leading to achieving the objectives of National Agriculture Market.

### **Impact of GST on Agricultural Sector :**

GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. A better supply chain mechanism would ensure a reduction in wastage and cost for the farmers/ retailers. GST would always help in reducing the cost of heavy machinery required for producing agricultural commodities. Under the Model GST law, dairy farming, poultry farming and stock breeding are kept out of the definition of agriculture. Therefore these will be taxable under the GST. Vegetables and produce from agriculture, including dairy, served fresh without any processing has been exempt from GST. Under GST, any person who is engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from GST is not required to obtain GST registration.

Seeds are a major input for agriculturist and farmers. Seeds are exempt from GST. Hence, agriculturists would not have to pay GST tax on their major input. Fertilizers an important element of agriculture was previously taxed at 6%. In the GST regime the taxed on fertilizers has been increased to 12%. The same impact is on Tractors, waiver on the manufacture of tractors is removed and GST of 12% has been imposed. This is beneficial as now the manufacturers will be able to claim Input Tax Credit.

India's milk product in 2015-16 was 160.35 million ton, increased from 146.31mt in 2014-15. Before the implementation of GST only 2% Vat is charged on milk and certain milk products but under GST the rate of fresh milk is NIL and skimmed milk is kept under 5% bracket and condensed milk is going to be taxed at the rate of 18%. Tea is probably is one of the most crucial items in an Indian households. The price of Tea might also increased due



to the tax rate of 5% under GST rate from the average VAT rate of 4.5% with Assam and West Bengal

### **Conclusion:-**

An increased in the cost of few agricultural products is anticipated due to rise in inflation index for a brief period. Though, implementation of GST is going to benefit a lot, the farmers/distributors in the long run as there will a single unified national agriculture market. The Implementation of GST is inevitably linked to successful implementation of NAM as it aims at unified tax structure of goods and services which would eventually include agriculture produce. GST would ensure that farmers in India who contribute the most to GDP will be able to sell their produce for the best available price.

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## **GST and Tourism Industry**

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### **Abstract:**

*GST is one of the most crucial tax reforms in India which has been long pending. It was supposed to be implemented from April 2010, but due to political issues and conflicting interests of various stakeholders it is still pending. It is a comprehensive tax system that will subsume all indirect taxes of states and central governments and unified economy into a seamless national market. It is expected to iron out wrinkles of existing indirect tax system and play a vital role in growth of India. This paper presents an overview of GST concept, explains its features along with its timeline of implementation in India. The paper is more focused on GST And Tourism Industry.*

*"Athithi devo bhavha" (Guest is God) has been one of central tenets of Indian culture since times immemorial. Today, hospitality sector (which includes tourism also) is one of the fastest growing sectors in India and is expected to grow at the rate of 8 % between 2007 and 2016. The boom in travel and tourism has led to the further development of hospitality industry. Keywords: Tax, Indirect tax, Goods and Service Tax (GST), Tourism Industry.*

### **Introduction :**

The proposed GST is likely to change the whole scenario of current indirect tax system. It is considered as biggest tax reform since 1947. Currently, in India complicated indirect tax system is followed with imbrications of taxes imposed by union and states separately. GST will unify all the indirect taxes under an umbrella and will create a smooth national market. Experts say that GST will help the economy to grow in more efficient manner by improving the tax collection as it will disrupt all the tax barriers between states and integrate country via single tax rate. GST was first introduced by France in 1954 and now it is followed by 140 countries. Most of the countries followed unified GST while some countries like Brazil, Canada follow a dual GST system where tax is imposed by central and state both. In India also dual system of GST is proposed including CGST and SGST.

Consequently the hospitality industry is expanding globally and promoting its growth in a changing multicultural environment. Hotels contribute the output of goods and related services which build well being of their nations and communities. Goods and Services Tax (GST) as a tax reform Migrating to Goods and Services Tax (GST) is a time to revinct the taxation and remove the anomalies. Hotel industry (includes tourism) contributes to 6.23 percent to the National GDP and 8.78 percent of the total employment in the country. Goods and Service Tax (GST) is a destination based consumption tax which is a levy of tax on all goods and services with the objective of expanding the tax base through wide coverage of economic activities , mitigating the cascading effect , reduction of exemptions, enable better compliances etc. thereby resulting into formation of common national market for goods and services.



### **Objective of Study**

The study has following objectives:

- 1) To Study the concept of GST
- 2) To study the effect of GST on Tourism Industry
- 3) To furnish information for further research work on GST& Tourism Industry.

### **Research Methodology**

Being an explanatory research it is based on secondary data of journals, articles, newspapers and magazines. Considering the objectives of 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.

**Concept GST** is an indirect tax which will subsume almost all the indirect taxes of central government and states governments into a unified tax . As the name suggests it will be levied on both goods and services at all the stages of value addition. It has dual model including central goods and service tax (CGST) and states goods and service tax (SGST). CGST will subsume central

### **Impact of GST on Tourism Sector**

Tourism Industry World Over: Tourism represents world's third largest export avenue in terms of global earnings after fuel and chemicals according to a representative from the UN World Tourism Organization (UNWTO). Tourism is responsible for one out of 11 jobs and 10% of the world's economic output. In addition, tourism's value-added to an economy can also be increased by attracting a more diverse mix of tourist arrivals, using e-commerce to broaden the reach of local tourism businesses, and broadening the offer to include cultural, wildlife, and heritage tourism. Tourism Industry in India The travel and tourism sector holds great strategic importance in the Indian economy providing several socio-economic benefits. Apart from providing employment, income and foreign exchange for the country, the trade in the tourism sector has an economically positive impact on other associated industries such as food manufacturing, services, construction, agriculture, handicrafts etc. In addition, investments in infrastructural facilities such as transportation, accommodation and other tourism related services lead to an overall development of infrastructure in the economy. Despite that the Tourism Sector, including Inbound Tourism pay a plethora of taxes and do not get any significant benefits as compared to other Export sectors. There are multiple taxes charged on the same Service/ Product offering by the Central as well as State Governments. It is an understanding that the Taxes levied on Inbound Tourism is amongst the highest in the country, and this is one of the major reasons for India losing Foreign Tourists to competing South East Asian Countries. Tourism sector in some of the key competing destinations in South Asian countries attract much lesser taxes thereby making the products more competitive.

### **Significance of tourism industry in India >**

India ranked 3rd among 184 countries in terms of travel and tourism's total contribution to GDP in 2016. In India, the sector's direct contribution to GDP is expected to grow by 7.9 per cent per annum during 2016–26



The travel and tourism sector in India is estimated to account for 9 per cent of the total employment opportunities generated in the country in 2016, providing employment to around 38.4 million people during the same year. The number is expected to rise by 2 per cent per annum to 46.42 million jobs by 2026

Travel & tourism's contribution to capital investment is projected to grow at 6.3 per cent per annum during 2016–26, higher than the global average of 4.5 per cent Page 2 of 14

Contribution of visitor exports to total exports is estimated to increase at 7.2 per cent per annum during 2016–2026 compared to the world average of 4.3 per cent

100 per cent FDI is allowed under the automatic route in tourism & hospitality, subject to applicable regulations and laws. 100 per cent FDI allowed in tourism construction projects, including the development of hotels, resorts and recreational facilities. Campaigns such as Incredible India & Atithi Devo Bhava were launched to harness the tourism industry's potential

Foreign exchange earnings from tourism accounted for USD21.1 billion in 2015, witnessing growth at a CAGR of 10.5 per cent during 2006–15

### Major issues in Present Tax system –

Taxation of service offerings at multiple levels in the Tour Package. This leads to overall taxation to this sector In the range of 20-27% considering a loss of Input Tax credit of various taxes, like excise duties, import duties, luxury tax, entertainment tax etc.

Differential taxes across states which vary frequently in terms of Luxury Taxes and Local Vat.

Very confusing abatement patterns to derive the taxable component of the services and that too changing very often

High State Entry/Road Tax on commercial vehicles in certain states, which is a burden on the Foreign Tourists.

Many Small Player in the industry so Tax chain break at many level resulting into higher tax credit loss to players

No convert credit available for the infrastructure development which is huge cost to the Industry and resulting into higher costing Taxability under GST According to the CGST Law which neither contains the exemptions nor the rates of taxation, it appears that most of the services in relation to Tourism would be subject to levy of GST as the same is to be treated as 'supply'. Since taxable event is supply, it is necessary to understand certain terms like Location of Supplier of Service, Location of Recipient of Service and Place of Supply. Tourism industry supplies bundle of services and hence definition of Composite Supply and Mixed supply also needs to be understood. Key Terms under GST affecting Tourism Industry Location of Supplier of Services

### Conclusion

Companies specializing in food and beverages operations could be the biggest beneficiaries of GST within the hospitality sector. Food and beverages bills have multiple components and can inflate the bills by 30-35%. A single-slab tax will benefit consumers and should lead to savings of 10-15% on the overall bill. The restaurant industry has been burdened with high and multiple taxations. However, liquor should be included in GST. Exempting it defeats the very purpose of bringing in a uniform single tax structure. This



allows states to have their own taxes without a cap with separate accounting requirements and results in double compliance for the restaurant / hotel industry. This is neither beneficial for 'Ease of doing business' nor for the customers, "Everybody likes consolidation of taxes as it leads to greater transparency and will help guests and buyers understand overall costs. We welcome the development," said Raj Rana, CEO, South Asia, for hotel group Carlson Rezidor. "Some states have luxury tax and that impacts room rates. If India aspires to be competitive, then the tax structures too need to be competitive." Luxury and other service taxes in hospitality amount to more than 22%, compared with the proposed 18% under the GST regime. Overall, GST should be positive for the sector assuming the multiplicity of taxes will go away in food and beverages. The lacunas in the present regime of indirect taxation in India demands for the major breakthrough in this field for facilitating the ease of doing business Agarwal Sanjiv & Company, Chartered Accountants effectively and efficiently. Hopefully, GST is going to be pinnacle which aims at evolving an efficient and harmonized consumption or destination based tax system and will remove the problems faced by the sector leading to cost optimization and free flow of transactions.

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## **GST : Advantages Disadvantages to Indian Economy**

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### **Introduction:**

The Goods and Services Tax (GST) is one of the biggest financial reforms in India. This is very popular and powerful reforms in India since independence. All big and small business will be impacted by GST. This will remove all types of indirect taxes that are levied on both goods and services. It is very important changes in indirect taxes that must be according to the new system. The GST system will remove VAT and Excise Tax. GST council has finalised the rates for all the goods and major service categories under various tax slabs, and the GST is expected to fill the loopholes in the current system and boost the Indian economy. This is being done by unifying the indirect taxes for all states throughout India.

### **Objective Of study:**

The study has following Objectives

1. To study the salient features of gst.
2. To study the types of GST.
3. To study the various slab of good and services tax.

### **Salient Features of GST:**

1. **One Tax One Nation One Market:** All indirect taxes from VAT to service tax etc. is replaced by Goods and Services tax.
2. **Dual GST tax feature:** The Central government will levy CGST that is Central goods and services tax & state will levy SGST that is State goods and services tax for consumption in their State. IGST(Integrated Goods and Services Tax) to be taxed solely by the central government for the interstate transaction.
3. **Various slabs:** GST tax divided into **Rate slabs** 0%, 5%, 12%, 18%, and 28% respectively.
4. **Digital process:** To generate a Challan, make an online payment, view balance in your electronic cash ledger, initiate an over the counter payment and track payments everything can be done online.
5. Businesses below 20 lakhs annual income need not necessary required to register for GST But to operate in the different state then it's mandatory to register in that state.
6. **ITC**– Input tax credit filing on output for CGST and SGST to reduce the tax already paid on previous inputs.
7. **Identification number:** A 15 digit Unique State wise PAN based goods and services Identification number i.e. **GSTIN** for every taxpayer.

### **Types of GST:**

There would be three different types of levies in GST:

1. **CGST:** SGST would be leviable along with CGST on the supply made by a registered person within a State.



2. **SGST/UTGST:** Just as SGST is leviable along with CGST on the supply made by registered person within a State, UTGST would be levied along with CGST on the supply made by a registered person within a Union Territory.

However, in no case, both SGST and UTGST would be leviable on an invoice of supply of goods or services or both. It would either be SGST or UTGST along with CGST would be leviable on the invoice.

3. **IGST:** IGST would be leviable on Import or Inter-State supply of goods or services or both. IGST would be equivalent to sum total of CGST and SGST/UTGST.

### Various Slab of Good and Services Tax:

1. **Tax Slab: No Tax (0%) Goods Included:** There will be zero tax imposed on items such as jute, fresh meat, fish chicken, eggs, milk, butter milk, curd, natural honey, fresh fruits and vegetables, flour, besan, bread, prasada, salt, bindi, sindoor, stamps, judicial papers, printed books, newspapers, bangles, handloom, bones and horn cores, bone grist, bone meal, etc.; hoof meal, horn meal, cereal grains hulled, palmyra jaggery, salt - all types, kajal, children's' picture, drawing or colouring books, human hair, khadi purchased from khadi and village industries stores, clay idols, brooms, cotton seed oil cake, charkha.

**Services:** There will be no tax on hotels and lodges with tariff below Rs 1,000. A 0.25 per cent tax will be levied on rough precious and semi-precious stones.

2. **Tax Slab:( 5% )Goods Included:** There will be a tax of 5 per cent imposed in products like fish fillet, Apparel below Rs 1000, packaged food items, footwear below Rs 500, cream, skimmed milk powder, branded paneer, frozen vegetables, coffee, tea, spices, pizza bread, rusk, sabudana, kerosene, coal, medicines, stent, lifeboats, Cashew nut, Cashew nut in shell, Raisin, Ice and snow, Bio gas, Insulin, Agarbatti, Kites, Postage or revenue stamps, stamp-post marks, first-day covers, Branded food, walnuts, dried tamarind, roasted gram, Dhoop batti, Corduroy fabric, saree fall, Paper mache items, Oil cakes, Duty Credit Scrips, Cotton quilts(quilts not exceeding Rs 1000 per piece), corals, Rosaries and prayer beads, Hawan samagri, Grass, leaf and reed and fibre products, including mats, pouches, wallets.

**Services:** Transport services such as Railways, air transport, small restaurants will be under the 5 per cent tax category because their main input is petroleum, which is currently outside GST ambit. Textile job work will also be taxed at 5 per cent.

3. **Tax Slab: (12%) Goods Included:** A 12 per cent tax will be imposed on apparel above Rs 1,000, frozen meat products, butter, cheese, ghee, dry fruits in packaged form, animal fat, sausage, fruit juices, Bhutia, namkeen, Ayurvedic medicines, tooth powder, agarbatti, colouring books, picture books, umbrella, sewing machine, cellphones, Ketchup & Sauces, All diagnostic kits and reagents, Exercise books and note books, Spoons, forks, ladles, skimmers, cake servers, fish knives, tongs, Spectacles, corrective, Playing cards, chess board, carom board and other board games, like ludo, rubber band, Wood, stone, metals, marble idols, Table and kitchenware, Batters, including idli / dosa batter, Textile caps, sprinklers, Cotton quilts(quilts exceeding Rs 1000 per piece), Statues, statuettes, pedestals, ceramic



articles, porcelain items, ornamental articles, bells, gongs, non-electric of base metal, animal carving material.

**Services:** 12 per cent tax will be levied on services such as state-run lotteries, non-AC hotels, business class air ticket, fertilisers and work contracts.

4. **Tax Slab: (18%) Goods Included:** 18 per cent tax will be imposed on goods such as footwear costing more than Rs 500, trademarks, goodwill, software, bidi patta, biscuits (all categories), flavoured refined sugar, pasta, cornflakes, pastries and cakes, preserved vegetables, jams, sauces, soups, ice cream, instant food mixes, mineral water, tissues, envelopes, tampons, note books, steel products, printed circuits, camera, speakers, kajal pencil sticks, headgear and parts thereof, aluminium foil, weighing machinery [other than electric or electronic weighing machinery], printers [other than multifunction printers], electrical transformer, CCTV, optical fiber, bamboo furniture, swimming pools and padding pools, curry paste; mayonnaise and salad dressings; mixed condiments and mixed seasonings, tractor parts, raincoats, medical grade disposable gloves, computer monitors(up to 20 inch),custard powder, rice rubber rolls for paddy de-husking machine, kitchen gas lighters.

**Services:** Hotel services such as AC hotels serving liquor, Room tariffs between Rs 2,500 and Rs 7,500, Restaurants inside five-star hotels will attract 12 per cent tax under GST slab. Other services such as telecom services, IT services, branded garments and financial services are also in the slab.

5. **Tax Slab:(28%) Goods Included:** The good under 28 per cent tax slab includes - bidis, chewing gum, molasses, chocolate not containing cocoa, waffles and wafers coated with chocolate, pan masala, aerated water, paint, deodorants, shaving creams, after shave, hair shampoo, dye, sunscreen, wallpaper, ceramic tiles, water heater, dishwasher, weighing machine, washing machine, ATM, vending machines, vacuum cleaner, shavers, hair clippers, automobiles, motorcycles, aircraft for personal use.

**Services:** State authorised private-run lotteries, hotels with room tariffs above Rs 7,500, 5-star hotels, race club betting, and cinema are all under the highest tax slab of 28 per cent.

### Conclusion :

Change is definitely never easy. In order to measure the Impact the GST we need to wait for the time and the Government needs to communicate more and more about the systems.

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## **GST and Its Impact on Revenue**

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### **Abstract-**

*GST is a destination based tax on consumption of goods and services. For transaction within a state, there are two components of GST Central GST and State GST. In all over the India they levy the same taxes. The consumers not pay the different value for the same goods and also services. In the case of interstate transaction, the centre would levy and collects the integrated goods and service tax. Alcohol for human consumption, petroleum produced vise petroleum crude, motor spirit, high speed diesel, natural gas and aviation turbine fuel and electricity.*

**Keywords-** Goods and Service Tax, Integration, pay, impact, State, Central, revenue

### **Introduction-**

The Goods and Services Tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services. In effect, GST provides revenue for the government. GST is applicable on purchase of goods or services in India. GST is a consumption based tax and the end consumer of a goods or service pays GST. However, businesses have been made responsible for the collection of GST from consumers and payment to the Government. Hence, in a sale of goods or service, in addition to the cost of the product, the business will levy a GST tax and collect the same from the customer. Once the GST tax is collected, businesses are required to file GST return every month and remit the GST tax collected before the 20th of next month. Certain essential definitions have been mentioned under the Model GST Law, which was first released in June, 2016, and then modified and released again in November, 2016. For transaction within a State there are two components of GST State and Central GST lived on the value of goods and service. Both the state and central simultaneously levy GST across the value chain. In the case of interstate transaction, the central would levy and collects the intrigued goods and service tax. The IGST is roughly equal to CGST and SGST. Some commodities kept outside the purview the GST for ex. Petroleum product, diesel, natural gas, aviation turbine fuel. Because it was a decision made by the empowered committee of state finance ministers as these are the main sources of income on the state.

### **Research Methodology-**

This is a descriptive research paper based on secondary data. Data have been collected by websites Journal, magazines books and News papers.

**The present paper is focused around following important objectives-**

1. To understand the GST.



2. To understand the GST work at state and central level..
3. To study about Revenue impact.
4. To suggest measures for Economical development.

### **Existing taxes are proposed to be subsumed under GST-**

#### 1) Taxes currently levied and collected by the centre.

- Central excise duty.
- Duties of excise (Traditional and Toilet preparation).
- Additional duties of excise(Goods and Special Importance)
- Additional duties of excise (Textiles and Tea tile products).
- Additional duties of consume (Commonly known as CVO).
- Special additional duty of customs.
- Service Tax.

#### 2) State taxes that are subsumed under the GST are.

- State VAT
- Central state tax.
- Luxury tax.
- Entry tax for all forms.
- Taxes on advertisement.
- Purchase tax.

### **Impact of GST on Revenue of central and state –**

GST the biggest tax reform in India founded on the notion of “one nation, one market, one tax” is finally here. The moment that the Indian government was waiting for a decade has finally arrived. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. Fundamentally, the \$2.4-trillion economy is attempting to transform itself by doing away with the internal tariff barriers and subsuming central, state and local taxes into a unified GST. Nine state-level taxes included in GST are: state value added tax, central sales tax, purchase tax, luxury tax, entry tax (all forms), entertainment tax (except those levied by local bodies), taxes on advertisements, taxes on lotteries, betting and gambling and state cusses and surcharges insofar as they relate to the supply of goods or services. However, taxes on income, property and capital transactions, petroleum products, state excise and electricity duty are not part of GST and states would. As pointed out narrow tax base is one of the major reasons for implementation GST. GST will enable the central to shift its tax base from the manufacturing point to retail point. On an average, there is 20% to 25% value addition between manufacturing point and retail point. This suggests that the central may experience 20% to 25% breading of its tax base. To a large extent breading of tax base in the case of state depends upon the composition of the underling economies. On the face of it, it may appear that manufacturing states would be the lasers and service oriented states would be the gainer.

The subsuming of Central Sales Tax cause substantial revenue loss to manufacturing states. But these states will be in a better position to mobilize more revenue from service associated with manufacturing activity. This is evident from the fact that the manufacturing



states of Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Tamil Nadu accounted for 62.85% of central service tax collections in 2012-13. The services associated with manufacturing activities such as legal services, patents and trade mark, freight and forwarding, insurance, accounting and consultancy one the major sources of central service tax revenue. GST will enable these states to levy tax on those services and to that extent their revenue loss on account of subsuming of GST will be made good.

In case of service sector- oriented stats, the potential of additional revenue from service sector depends upon the presence of taxable service and sizes of the service provider and exempted services like education and health are unlikely to benefit significantly in the GST service.

The first relates to the self- policing incentive inherent to a valued added tax. To claim input tax credit, each dealer has an incentive to request documentation from dealer behind him in the value-added tax chain. Provided, the chain is not broken through wide ranging exemption, especially on intimate goods, this self-policing feature on work very powerfully in the GST.

#### **Conclusion-**

The above discussion helps us to conclude that GST impact on revenue. GST in India is still for economic development. Still it requires few more efforts and a forward push to develop economy. GST play important role for improve the economic position of India.

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## Impact of Goods and Service Tax on Agriculture

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### Abstract:

*After 1991 reform of LPG, GST is another recent reform of Indian Economy as part of "one nation, one market, and one indirect tax"., thus it has a wide range impact on large number of transactions across all sectors including agriculture which is considered as a largest and unorganized sector even-though GST does not apply on the agricultural produce, but it is applied on fertilizers, pesticides and tractor with high rates, which definitely have an adverse effect on farmers as these are the major inputs for agriculture activities. The positive effect on agriculture is that the transportation of agriculture produce across the state improves.*

**Key Words:** Goods and Services Tax, Agriculture, Indirect Tax.

### Introduction:

After a decade of strong conversation and discussions, Goods and Services Tax (GST) is a reality now. It is based on "one nation, one market, and one tax" concept. Even though, its current format is not perfect but it is lauded as one of the most transformational reforms after 1991. GST is a wide-ranging indirect tax charged on manufacture, sale and consumption of goods and services at a national level. The GST will be levied on all transactions concerning supply of goods and services, except those which are kept out of its purview. The implementation of GST have its impact on every sector, and quite large at the Indian Agricultural Sector as it is unorganized and scattered sector still accounting for approximately 16% of national GDP and employs approximately 60% of the working population. GST will develop the clearness, reliability, timeline of supply chain mechanism for the agriculture – products, which have various interpretations.

### Objectives Of Study:

1. To study the concept and benefits of the GST.
2. To study the contribution of Agriculture in economic development.
3. To study the effect of GST on Agriculture.

### Research Methodology:

This is a descriptive and conceptual paper based on secondary data, collected from various published newspapers, journals, books and websites on different viewpoints.

### Concept of GST:

It is a single indirect tax for the whole country, which will make India an integrated common market. It is a single tax on supply of goods and services, from the manufacturer to the consumer. The GST Bill was introduced in Lok Saba in 2009. In 2015 a 'slightly modified' version of the GST Bill present in the Parliament and both the Houses passed it unanimously in 2017. The government aims to create a single all-inclusive tax structure that



will include all the other smaller indirect taxes on consumption like service tax, value added tax etc. Before GST, tax rates were different from state to state. GST ensures a comprehensive taxbase with minimum exemptions, help industry, which reap benefits of common procedures and claim credit for taxes paid.

#### **Benefits of GST:**

- Overall decrease in Prices of goods and services for Consumers in the country
- Decline in diversity of Taxes.
- Cancellation of Cascading and dual Taxation.
- Uniform Rate of Tax and Common National Market
- Broader Tax Base and decrease in “Black” transactions
- Free Flow of Goods and Services – No Checkpoints
- Non-Intrusive Electronic Tax Compliance System
- It will boost export and manufacturing activity,
- Generate more employment for youths
- Increase GDP with employment and increase in Transactions.
- Economic growth help in poverty eradication
- More financial resources are available

#### **Contribution of Agriculture in Economic Development:**

India is a global agricultural powerhouse. It is the world's largest producer of milk, pulses and spices and has the world's largest cattle (buffaloes), along with the largest area under wheat, rice and cotton production. It is the second largest producer of rice, wheat, cotton, sugarcane, farmed fish, sheep & goat meat, fruit, vegetables and tea. The country has some 195 m ha under cultivation of which some 63 percent are rain fed (roughly 125m ha) while 37 percent are irrigated (70m ha). In addition, forests cover some 65m ha of India's land. Though the productivity of agriculture is very low but still India is the main or largest producer of many crops.

Out of the total production of vegetables and fruits 30% to 35% production does not reach in the hands of customers due to the perishability, inadequate storage facilities in the supply chain and only 7% products are processed, thus it requires agribusiness infrastructure and facilities for the optimum utilization of agriculture resources and to reap 100% benefits. Industrial and agricultural developments and growth of any country are not alternatives but they are corresponding and mutually supporting with respect to both inputs and outputs.

It is seen that increased agricultural productivity and output have a tendency to contribute significantly to an overall economic development of the country; it will be normal and suitable to place greater emphasis on further development of the agricultural sector. 1% increase in agriculture Production, reduce poverty by 0.6% of the country.

Agriculture contributes in economic and over all development of a country in following ways: By providing food to society and raw material to industrial sectors, creating demand for goods from non-agricultural sectors, provide strength to rural people for purchasing goods, rural people or farmers earned by selling the agriculture marketable surplus, by invest surplus in the form of savings and taxes to be invested in non-agricultural sector, earning valuable foreign exchange through the export of agricultural products, and by providing employment to uneducated, backward and unskilled labour.



It is a matter of fact that the process of economic development is initiated and made self-sustaining with agricultural sector. Thus the agriculture sector is the backbone of an economy which provides the basic ingredients to mankind and now raw material for industrialization.

Agriculture is the basic source of food supply of the world it may underdeveloped, developing or developed. Because of burden of population and rapid increase in it, the demand for food is increasing at a fast rate. If agriculture fails to meet the rising demand of food products, it is found to affect adversely the growth of economy. Raising supply of food from agricultural sector has great impact on economic growth of our country. So the development of Agricultural is necessary for improving the supply of raw materials for the agro-based industries. The shortage of agricultural produce and supply material has its impact on industrial production and a subsequent increase in the general price level. It will hamper the growth of the country's economy.

### **Effect of GST on Agriculture and Allied Sector:**

The implementation of GST will affect the functioning of every sector of the Indian economy, including the most vital and weak section of the Indian Economy, i.e. Agriculture Sector.

Agriculture still employs directly or indirectly the largest section of India's workforce. It contribute around 16% of India's GDP. The proper implementation of the GST is expected to boost the sector. Agriculture in all fields always had the soft corner and exemptions from taxes as relief has been provided to this industry and indirect tax is no exception with GST following the same.

- All basic agriculture goods (not processed) which are not chargeable under current VAT Laws would not be charged to tax in GST.
- Service tax also exempts several services in relation to agricultural produce.

Thus, there is a need to explore the possible implications of the GST on the Indian Agricultural Sector. Most of the agricultural commodities are perishable. Improved supply chain machinery due to GST would reduce the time taken for inter-state transportation. The benefit of reduction in time would be passed on to the farmers/retailers. Some states in India i.e. Maharashtra, Punjab, Gujarat and Haryana earn more than Rs 1000 crores from charging CST/OCTROI/Purchase Tax. GST would include all the above taxes. Hence these states would need to be remunerated for the loss of revenue.

### **The impact of GST is as follows:**

- A. **Input of Agriculture:** There are number of Inputs for agriculture such as seeds, fertilizers, pesticides, machinery i.e. tractor and labour etc. Tax on any input may increase the cost of input. There is GST on Pesticides, tractor and fertilizers. Fertilizers are an important factor of agriculture was before taxed at 6% (1% Excise + 5% VAT). In the GST, the tax on fertilizers has been 5% and on tractor and pesticides, it is 12% and 18%., which is too much higher than expect rate. It creates difficulties to farmers.

India's milk production earlier have only 2% VAT on certain milk products but under GST the rate of fresh milk is NIL and skimmed milk is kept under 5% bracket and condensed milk is taxed at the rate of 18%. Tea is the most crucial



items in an Indian household. The price of tea is increase due to the 5% tax rate under GST.

**B. Transportation of agriculture products:** Agriculture product transportation at various states of India is one of the constant and major problems for farmers. Before GST, all the states had different tax rates. GST is expected to tackle this problem. It may provide first national market for the agricultural goods in all states of India.

Agricultural sector is mainly based on perishable produce. And in the Goods and Services Tax regime, the supply chain evolves into something better, improving quick movement of goods, it will allow less food to be wasted. The profit in turn will go the farmers and the retailers too. This will happen because interstate transportation of goods for perishable food will be easier.

However, as the farm sector will remain largely exempt from GST, any input taxes suffered on inputs used in the farm sector such as seeds, fertilizers, pesticides, tractors etc, will remain blocked and contribute to increase in prices of farm output. Farm output prices are controlled by market forces and the farmer has little control. As the input price rises and output price remains stagnant, the farmer will have no option but to absorb the cost, thus increasing his burden. Indian farmer is already living under tremendous pressure from many ends and the increased burden of taxes will create a crater in his income. If somehow, the output prices increase, the nation will suffer as the food prices will go up, thus creating trouble for the common man.

Therefore government should be very cautious in implementing the GST system and should have some concern towards the farmers. Even a slightest burden on farmers will result in manifold distress and misery, they being the most vulnerable community of the country. However, a smooth GST regime can break inter-state barriers on movement and facilitate direct linkage between processors and farmers. This can transform the operations of mandis too if other necessary reforms to free up agricultural markets are undertaken.

### **Conclusion:**

Goods and Services Tax is a single and a broad based tax on goods and services consumed in an economy. It includes all the indirect taxes in it. Agricultural sector has been the root of Indian economy and it contributes to around 17.4 per cent to GDP. About 58 per cent of the total livelihood depends on this sector, so it is important to study the impact of GST on the Agriculture sector. GST will have both positive and negative effect on Agriculture and allied sector also. GST is expected to create a business friendly environment, as price level and inflation rate go down. Goods and Service tax has single tax structure for indirect tax which leads to unified market at national level for goods and services. The implementation of GST is expected to bring uniformity across states and centre in indirect tax sector which would make tax support policy of a particular commodity effective. Good and Services Tax (GST) was predicted to have a simple harmonized tax structure with operational ease leading to a single unified market at national level for goods and services while ensuring that there is no negative revenue impact on the states. The central government does not impose the GST on output from agriculture but on the input of the agriculture sector which



has direct impact on output and the rates are very high so it is necessary to reduce the GST rates on agricultural input as the farmers depend on market for all the inputs required.

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## Impact of GST on Indian Tourism

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### Abstract

India is one of the sizzling tourist destinations in the world. India's prevailing tax reform up till now has been met with a comparable measure of mention and criticism. While the application of the Goods and Service Tax promises to add a substantial power to the Indian economy, by reducing costs for customers, integrating taxes, and reducing business transaction costs, it will also increase costs for businesses as well the burden of settlement. The hospitality and tourism industry is one such sector in the economy that is reflecting over the new tax regime.. The tourism industry contributes nearly \$136 billion to India's GDP and is expected to further grow to US\$ 280.5 billion by 2026. Hospitality and tourism are also among the highest employment generating sectors and among the top 10 sectors in the country with the highest volume of foreign direct investment. In addition to being one of the top sources of foreign exchange, tourism is also among the highest tax generating sectors in the country. GST has been one of the most scheduled tax reforms for India.

The paper aims to report, to inspect the influence of GST on Travel and Tourism industry in India. The study adopted only Secondary source of data collections and the study area was GST and Its impacts on Tourism industry in India.

**Key Words:** GST, Tourism Sector, Economy, Employment

### Introduction

Tourism in India has major prospective considering the rich cultural and historical heritage, variety in ecology, environments and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a noteworthy source of foreign exchange for the Country. In addition, investments in infrastructural facilities such as transportation, accommodation and other tourism related services chief to an overall development of infrastructure in the economy. Indian Tourism sector is one of the great providers to the economy. Tourism in India is very much useful due to various reasons such as employment creation, great contributor to national income, bringing in the foreign exchange etc.

### Objectives

1. To study the impact of GST on Tourism industry.
2. To evaluate the positive and negative impact of GST on tourism sector.

### Research Methodology

The research paper is an expressive one, secondary data has been used. Various national Newspapers such as The Times of India, Research papers and various websites providing Details about GST and Tourism, has been used for this paper.



## Data Analysis

GST in relation to tourism sector

**Goods and Services Tax (GST)** is an indirect tax charged in India on the sale of goods and services. Goods and services are divided into five tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%. Petroleum products and Alcoholic drinks are taxed separately by the individual state governments. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.

The tax came into effect from July 1, 2017 through the implementation of one hundred and first amendment by the Government of India. The tax replaced existing multiple cascading taxes levied by the central and state governments. The tax rates, rules and regulations are governed by the Goods and Services Tax Council which comprises finance ministers of center and all the states. GST simplified a slew of indirect taxes with a unified tax and is therefore expected to dramatically reshape the country's 2 trillion dollar economy.

Tax slabs for tourism under GST

1. Accommodation & Catering GST rates for hotels are divided into four categories.
  - Less than Rs. 1000 – 0%
  - Rs.1000-Rs.2500 – 12%
  - Rs.2500-Rs.7500 – 18%
  - More than Rs 7500 – 28%
2. Transportation
  - Any transportation in economy class shall be taxable at 5%, else taxable at 12%.
3. Attractions
  - Attractions like them parks and natural attractions including scenic beauty etc. will be taxable at a rate of 18%.
4. Travel Agents
  - GST will be applicable on tour agents and shall be taxable at 18%.
5. Tour operators
  - GST for tour operators is taxable at 5%, with input tax credit and no ITC.

### **GST and Indian Tourism Sector:**

As per Central Goods and Services Taxes Law (CGST Law), tourism sector is considered under 'supply' category. Due to it, certain terms such as Location of the Supplier, Location of Recipient, place of Supply etc., becomes significant to understand. Following key terms play a Dynamic Role in Applicability of GST to Tourism Sector:

#### **1. Location of Supplier of Services:**

As per Section 2(71) of CGST Law, 'location of the supplier of services' means, -

- (a) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business;
- (b) where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;
- (c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provisions of the supply; and



(d) in absence of such places, the location of the usual place of residence of the supplier.

## 2. Location of Recipient of Services:

As per Section 2(70) of CGST Law, 'location of the recipient of services' means, -

(a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business;

(b) where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;

(c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and

(d) in absence of such places, the location of the usual place of residence of the recipient.

## 3. Place of Supply:

As per Section 2(86) of CGST Law, 'place of supply' means, - Place of supply as referred to in Chapter V of the Integrated Goods and Services Tax Act.

## 4. Mixed Supply:

As per Section 2(74) of CGST Law, 'mixed supply' means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

## 5. Composite Supply:

As per Section 2(30) of CGST Law, 'composite supply' means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. Also the key factors in GST is ease of availing input tax credit and therefore it is necessary to understand definition of Input Tax, input, Input Service and Capital Goods to understand allow ability of various taxes paid on inward supplies.

## 6. Input Tax

As per Section 2(62) of CGST Law, 'input tax' in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes-

(a) the integrated goods and services tax charged on import of goods;

(b) the tax payable under the provisions of sub-sections (3) and (4) of section 9;

(c) the tax payable under the provisions of sub-sections (3) and (4) of section 5 of the Integrated Goods and Services Tax Act;

(d) the tax payable under the provisions of sub-sections (3) and (4) of section 9 of the respective State Goods and Services Tax Act; or

(e) the tax payable under the provisions of sub-sections (3) and (4) of section 7 of the Union Territory Goods and Services Tax Act

But it does not include the tax paid under the composition levy;

Input As per Section 2(59) of CGST Law, 'input' means any goods other than capital



goods used or intended to be used by a supplier in the course or furtherance of business.

### **7. Input Service:**

As per Section 2(60) of CGST Law, 'input service' means any service used or intended to be used by a supplier in the course or furtherance of business.

### **8. Capital Goods:**

As per Section 2(19) of CGST Law, 'capital goods' means goods, the value of which is capitalized in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business. The rates are expected to be in the range of rates prescribed for the purpose i.e. 0%, 5%, 12%, 18% and 28%. Apart from tax, maximum cess upto 12% can be imposed on certain specified luxuries and Sin Goods. So, on removal of exemption and present abatements, GST will increase the tax amount but at the same time because availability of all input credit seamlessly and on existence of Anti Profiteering Measure, taxable value of service may be reduced and benefit of the same shall have to be passed on to the consumers. In case of Business to Business (B2B) transactions, credit of the said tax paid shall be available to business units if these services are used in the course or for furtherance of business. Since the definitions of Input, Capital Goods and Input Services under GST are simplified, it enhances scope of Input tax Credit and will result into substantial saving of tax credit in terms of Capital investment and Inputs which was not available earlier regime. Accordingly, many registered persons shall be able to claim credit of their tax payments on infrastructure development except those in respect of which input tax credit is specifically not allowable. Since current assessee will also be eligible to take credit of their capital goods on hand as shown in their books of accounts for which documents like invoices are available as per Rule 5 of Input Tax Credit Rules, it will also create substantial credit on hand as on appointed date of GST and results into elimination of cascading effect on transition to GST regime.

### **Based on the above provisions, following impact can be seen on the Indian Tourism Industry:**

The various taxes would be interchanged by one single tax, the rate of which is expected to be between 16%-18%. The sector may gain in the form of lower tax rates which should help in fascinating additional tourists in India.

There are likely to be concerns in estimate of restaurant services in view of the industry practice of concessions/deals/strategies in the form of incentives. The planned valuation rules are disparate from the present ones and as such this sector needs to frame an appropriate strategy for such concessions in advance making it a part of documentation. Any concession which is not recognized at the time of incoming operation with customer shall not get the benefit of saving in equivalent taxes under the GST system.

Service suppliers having integrated registration will have to get registered in each state from where they provide services.

Service suppliers will have a choice to take altered registration for single business verticals which needs to be scrutinized. Generally a service supplier may pick for a sole registration which would enable it to set off GST Input Tax Credit of all the verticals beside the GST Output Liability of all the verticals set together. means a distinct module of an



enterprise that is busy in supply of individual goods or services or a collection of related goods or services which is subject torisks and returns that are different from those of the other business verticals. A serviceprovider may elect for multiple registrations if the verticals are actually operating as Self-regulatingdecentralizeddivisions with a struggle in management of relatedSubmissions.

The procedure for all the statementstowards inward and outward supplies willbecome bulky as each one of them will have to be uploaded in the classification. Theidea of credit similar under GST would be very challenging to grip and would leadto growth in working capital necessities.

The consistency and number of returns to be filed will go up. There is a provision for GST audit like service tax audit under old system.

The e-commerce companies may have to renew the existing models, as the VAT rate Arbitrage available in the present law may not be presented in GST. Tax Collection atSource (TCS) provisions have been presented on ecommerce operatives in the ModelGST Law though there are no provisions relating to collection of tax at source under the Olden system.

Alcohol and electricity are out of the purview of GST net. The taxation on alcohol would bedissimilar than the single GST rate. The hotel industry consumes a lot of electricity as aMajorusable and the burden of electricity duty would also not be enclosed in GST.Thus, the hotel industry would unable to benefit the input credit on the two items whichwill have a negative impact on these sectors.

### **Easier administration & processes**

By considering multiple taxes under a single category, GST will eliminate the tax-on-tax structure, reduce the complexity of taxation procedures and modernize it. GST will eliminate several other taxes, leading to a reduction in procedural steps and more chances to simplify the taxation process.

### **Simplicity & clarity for consumers**

Most average consumers cannot distinguish between multiple taxes and rates. With the GST regime, consumers will have a more understandable and transparent tax structure with only a single charge on their bill.However, under the GST management customers will see only a single charge on their bill and it would give them a clear picture of the tax they are paying.

### **Improved Quality of Service**

How many times have you had to wait in the hotel lobby wondering if you would miss your flight back home because your bill was still being prepared? With just one tax to compute, the checking-out process at hotels and restaurants will now become easier – another perk that the hospitality industry can brag about.

### **Availability of Input Tax**

The tourism and hospitality industry will find it easier to claim and avail input tax credit (ITC) and will get full ITC on their inputs. Before GST, the tax paid on inputs (raw edibles for food, cleaning supplies etc.) could not be adjusted against the output without any complications. However, this will become



## **The negative impact of GST**

### **Greater technological burden**

Among the pros of GST, there are also a few cons that are tough to manage. One of them is increased burden on service providers to work technology-based tools for taxation procedures. While the guidelines on managing accounts and filing returns are well-defined, it will require businesses to become technologically adept, increasing the burden and cost of compliance.

### **Increased Costs**

Businesses will increasingly aspect to recover the additional technology costs from their customers, which may lead to higher tariffs. When the service tax was first presented, there were a lot of mix ups. GST, thankfully, has very clear guidelines on how each industry needs to manage their accounts and file returns but it will require businesses to become technologically adept, increasing the technological burden and cost for compliance. In Maharashtra, for instance, hotel rooms were earlier taxed at 19% and food and beverage at 18.5%. Even with GST charged at 18%, there is only a minimal cost reduction in both cases. Businesses will also look to recover the additional cost of technology and new systems from their customers, which might – in some instances – lead to higher tariffs.

### **Lack of competitiveness with other Asian countries**

While, GST will make India a bigger participant in the global hospitality and tourism industry, there is no global competitiveness in tax rates. Other Asian countries such as Japan and Singapore have much lower tax rates in the hospitality sector (8% and 7% respectively) which is amongst the top reasons why tourists prefer to visit these countries and others such as Malaysia, Thailand, etc.

While the sector remains divided on the predicted impact of Goods and Services Tax, most players in the industry have welcomed the move to the new tax regime with great enthusiasm. As India becomes an even bigger player in the global hospitality and tourism industry, we need services to be at par with global rates. Our Asian neighbors such as Japan and Singapore have very low tax rates for their hospitality sector (8% and 7% respectively) which is an important reason for them ranking high on tourist wish lists. India is a global tourism hotspot, but it still loses out on the backpacker crowd due to this high rates. The long-term impact, however, remains to be seen and only time will tell how and if GST does accelerate growth in the sector.

## **Conclusion**

GST is sparkle of optimism for the Tourism Industry if we can keep the GST rate between 10 to 15%. GST might representative with its uniformity of tax rates, a better utilization of input credit which in turn benefits the finale user in terms of affordability. Our country which stills controls great on tourism even though the tourism industry is not as economical as its nearby countries are, can probably attract more tourists, by passing of the GST law, which then will indirectly amount to more revenues generated for the government. Once GST gets settled in every sector in the economy. Hence it could beconcluded by expecting that it really give positive impact to the industry to optimism. GST



is a mixed basket of better and easier rules and regulations and improved costs and compliances.

The lower GST rate will contribute to a Reduction in our current account deficit and will increase in the GDP and attract the more number of outbound at the same time domestic tourist also and this will bring doubling-up up of tourism brought employment.

Due to high GST rates in India, Foreign tourist will plan their trip across Asia may entirely avoid India. The tourism industry are one of the industries which are imposed with multiple of taxes. When VAT, luxury tax and service tax are combined, the taxes will go up. With the implementation of GST, the flowing taxes would combine and single tax regime would be reduced. This will be benefited as more tourists will visit India due to the lower tax rate.

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## The main Issues about GST with Basics

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### Abstract :

*The Goods and Services Tax is the mother of all tax reforms in India. It is crucial for all businesses to understand the implications of GST on their brands. Since GST is a new law and crucial processes like return filing and invoicing have been changed, it is even more important that business owners and tax professionals understand the nuances of these new laws so that they can be GST-compliant. GST also known as the Goods and Services Tax is defined as the giant indirect tax structure designed to support and enhances the economic growth of a country. More than 150 countries have implemented GST so far. However, the idea of GST in India was mooted by Vajpayee government in 2000 and the constitutional amendment for the same was passed by the Lok Sabha on 6th May 2015. 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.*

**Key Words:** GST, VAT, CENVAT (Central value Added Tax), Indian Economy

### Introduction:

GST is the biggest tax reform India has seen since Independence. What makes it such a big deal? And what are the ways in which it would impact your current business? This GST Research Paper helps you familiarize yourself with the basics of the new tax system – how and when it is levied, what are its various components, and the future implications. ITC (Input Tax Credit) is the backbone of the GST taxation system. One of the reasons why GST is beneficial for businesses is because it will help them claim ITC seamlessly and in a more efficient manner than in the previous regime. However, there are certain conditions associated with a successful ITC claim.

Harmonisation in the different taxation laws of states appears to be missing many a times. Uniformity is lacking while levying VAT or entry taxes in many states. The companies try to take advantage of tax arbitrages leading to decisions being taken on the basis of tax structure rather than on the basis of pure economic reasons. All this leads to inefficiencies in the system. Businesses transitioning from VAT to GST need to follow certain guidelines, as laid out in the GST Law. By following these, businesses will be able to migrate to the new tax structure easily, and also claim ITC on the closing stock available from the previous regime. You can create Free invoices and file returns on Clear Tax GST with a single click. For lakhs of SMEs in India who do not have access to the internet, the Clear Tax GST Offline tool is the easiest way to create invoices and file returns. GST will be a win-win situation for all. It brings benefits to all the stakeholders of industry, government and the consumer. Being largely technology driven., it will reduce the human interface to a great extent, leading to



speedy decisions; increased transparency; decrease in black economy; Self policing system of ITC matching will lead to fair and transparent trade.

GST also known as the Goods and Services Tax is defined as the giant indirect tax structure designed to support and enhance the economic growth of a country. More than 150 countries have implemented GST so far. However, the idea of GST in India was mooted by Vajpayee government in 2000 and the constitutional amendment for the same was passed by the Lok Sabha on 6th May 2015. 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.

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. The Goods and Services Tax Bill or GST Bill, also referred to as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, initiates a Value added Tax to be implemented on a national level in India. 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%.

Under this system, the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading of taxes- tax on tax paid on inputs that go into manufacture of goods. In order to avoid the payment of multiple taxes such as excise duty and service tax at Central level and VAT at the State level, GST would unify these taxes and create a uniform market throughout the country. Integration of various taxes into a GST system will bring about an effective cross-utilization of credits. The current system taxes production, whereas the GST will aim to tax consumption.

### **Objectives of the Study :**

- 1) To know the challenges before GST in India
- 2) To know the concept of GST
- 3) To know the impact of GST
- 4) To Study the merits & Demerits of GST
- 5) To understand the main issues in GST
- 6) To study the advantages & Disadvantages of GST for Indian Economy.

### **Benefits of GST :**

1. It would introduce two-tiered One-Country-One-Tax regime.
2. It would subsume all indirect taxes at the centre and the state level.
3. It would not only widen the tax regime by covering goods and services but also make it transparent.
4. It would free the manufacturing sector from cascading effect of taxes, thus by improve the cost-competitiveness of goods and services.
5. It would bring down the prices of goods and services and thus by, increase consumption.



6. It would create business-friendly environment, thus by increase tax-GDP ratio.
7. It would enhance the ease of doing business in India, etc.

The GST structure is likely to succeed only if the country has a strong IT network. It is a well-known fact that India is still in the budding state as far as internet connectivity is concerned. Moreover, the proposed regime seems to ignore the emerging sector of e-commerce. E-commerce does not leave signs of the transaction outside the internet and has anonymity associated with it. As a result, it becomes almost impossible to track the business transaction taking place through internet which can be business to business, business to customer or customer to customer. Again, there appears to be no clarity as to whether a product should be considered a service or a product under the concept of E-commerce. New techniques can be developed to track such transactions but until such technologies become readily accessible, generation of tax revenue from this sector would continue to be uncertain and much below the expectation.

“One of the major drawbacks of the GST regime could be the direct spike in the service tax rate from 14% to 20-22%” (GST: Impact on the Telecommunications Sector in India). The proposed GST appears to be silent on whether telecommunication can be considered under the category of goods or services. The entire issue of telecommunication sector assumes a serious proportion when India’s rural teledensity is not even 50%. It is a well-known fact that petroleum products have been a major contributor to inflation in India. 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%.

This would give the governments the access to substantial incremental revenues since this industry has historically been tax free in its entirety”. It sounds ridiculous but the provision of GST is likely to make the supervision of operations by its Board/senior managers across the company’s offices in different parts of the country a taxable service by allowing each state to raise a GST demand on the company. Again there appears to be lack of consensus over fixing the revenue rate as well as threshold limit. One thing is for sure, services in India are going to be steeply costly if GST is fixed above the present service tax rate of 14% which in turn will spiral up inflation in India. “Asian countries which implemented GST all had witnessed retail inflation in the year of implementation.

#### **How GST works in India? :**

GST is a comprehensive indirect tax on manufacture, sale and consumption of goods and services at national level. The GST is expected to replace all the indirect taxes in India. At the centre's level, GST will replace central excise duty, service tax and customs duties. At the state level, the GST will replace State VAT. The GST system is based on the same concept as VAT. Here, set-off is available in respect of taxes paid in the previous level against the GST charged at the time of sale. Components: GST will be divided into two components, namely, Central Goods and Service Tax and State Goods and Service Tax. Rate: Rates charged across all states and the central level will be uniform along with the regulations, definitions and classifications. Applicability: GST will be applicable to all Goods and Services sold or provided in India, except from the list of exempted goods which fall



outside its purview. Payment: GST will be charged and paid separately in case of Central and State level. Input Tax credit: The facility of Input Tax Credit at Central level will only be available in respect of Central Goods and Service tax. In other words, the ITC of Central Goods and Service tax shall not be allowed as a set-off against State Goods and Service tax and vice versa.

#### **Advantages:**

1. Reduction in multiplicity of taxes.
2. Mitigation of cascading/ double taxation.
3. More efficient neutralization of taxes especially for exports.
4. Development of common national market.
5. Simpler tax regime
6. Fewer rates and exemptions.
7. Fewer rates and exemptions
8. Distinction between Goods & Services no longer required
9. Simpler Tax system for customer
10. Reduction in prices of goods & services due to elimination of cascading
11. Uniform prices throughout the country
12. Transparency in taxation system
13. Increase in employment opportunities

#### **Problems & Challenges:**

The key problems in the current taxation system in India can be categorized into: Taxation at Manufacturing Level i.e. CENVAT is levied on goods manufactured or produced in India which gives rise to definitional issues as to what constitutes manufacturing, and valuation issues for determining the value on which the tax is to be levied which through judicial proceedings has been observed to be a severe impediment to an efficient and neutral application of tax Exclusion of Services from state taxation has posed difficulties in taxation of goods supplied as part of a composite works contract involving a supply of both goods and services, and under leasing contracts, which entail a transfer of the right to use goods without any transfer of their ownership. Though these problems have been addressed by amending the Constitution to bring such transactions within the purview of the State taxation, services per remain outside the scope of state taxation powers.

#### **Main Challenges:**

1. Legacy issues which will use resources
2. Non Harmonization of Tax rates
3. Lack of automation
4. Lack of Procedural Manuals
5. Lack of Skilled officials
6. Double Registration- Handling old Registration
7. Poor Quality of tax Returns
8. No System for 100% Scrutiny of Tax Returns and Tax Audit
9. Lack of Cross Verifications with other tax administrations
10. Lack of mechanism to control Evasion



## 11. Impact on Prices

### Expectations:

1. Automation of process by way of e-registrations, e-returns, e-payment
2. No requirement of verifications during inter state movement of Goods
3. Zero rating of supplies to exporters
4. Administrative efficiency in case of assessment and adjudication
5. Ease of compliance
6. Self-policing

### Government`s Role:

1. Central Government to act as clearing house for accounts settlement across States.
2. Handling disputes between states over jurisdictional and enforcement issues.
3. Develop and maintain GSTN with best of facilities for uninterrupted flow of credit, less litigation and facility to register, file return and in future inbuilt other features like refund, scrutiny of returns.
4. Draft model Legislation for CGST, IGST and SGST which will act as a Boundary wall, binding in nature both on Centre and States to legislate their respective GST Acts.
5. Affix rate of SGST, within the parameters of band recommended by GST council.
6. Formulate mechanism for reconciliation of tax payments.
7. Develop systems for scrutiny of returns and record of assesses for GST.
8. Establish dispute resolution mechanism for issues relating to levy of GST.

### Conclusion:

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.

Tax policies play an important role on the economy through their impact on both efficiency and equity. A good tax system should keep in view issues of income distribution and, at the same time, also endeavour to generate tax revenues to support government expenditure on public services and infrastructure development. Cascading tax revenues have differential impacts on firms in the economy with relatively high burden on those not getting full offsets. This results in loss of income and welfare of the affected economy. The ongoing tax reforms on moving to a goods and services tax would impact the national economy, International trade, firms and the consumers There has been a good deal of criticism as well as appraisal of the proposed Goods and Services Tax regime. It is considered to be a major improvement over the pre-existing central excise duty at the national level and the sales tax system at the state level, the new tax will be a further significant breakthrough and the next



logical step towards a comprehensive indirect tax reform in the country. GST is not simply VAT plus service tax, but a major improvement over the previous system of VAT and disjointed services tax a justified step forward. India is a federal republic, and the GST will thus be implemented concurrently by the central and state governments as the Central GST and the State GST respectively and it appears that there will be different rates of taxes.

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## Impact of GST on Indian Economy

**Seema Nair**

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### Introduction :-

India's recent progress towards economic growth stems from reforms undertaken after the 1991 fiscal crisis, which lifted India from decades of slow growth under socialist rule and offered an opportunity to improve living conditions in the immense, poor country. At the same time much had changed in India after the balance of payments crisis of 1991. Indian policies became more positive about promoting export and allowing foreign capital to participate in the process of India's growth. Globalization and liberalization have become order of the day-

The interdependence of economies in their move for development compelled the Governments of all the countries to follow the globalization policies adopted by the major economies of the world. To survive and grow in this economic order rational and competitive tax policies are being adopted by every country. India has also fallen in line with the requirement and has been initiating modifications in direct and indirect taxes. The recent proposals of Direct Taxes Code (DTC) and Goods and Services Tax (GST) are considered as path breaking in the economic restructuring in general and in the taxation area in particular.

### Process and Framework of GST :-

To implement comprehensive indirect tax reform in the country the then union Finance minister Mr. P. Chidambaram while presenting union Budget for the Introducing GST and Its Impact on Indian Economy 21 year 2007-08 announced to the effect that GST would be introduced from 01/04/2010 and an Empowered Committee of state Finance Ministers was constituted. The Finance Minister said that the Committee would work with the Central Government to prepare a road map for Introduction of GST in India. After this announcement the Empowered Committee of state Finance Ministers decided to setup a joint working group on May 10, 2007. The Joint working group after intensive internal discussion and interaction with experts and representatives of Chambers of Commerce and Industry submitted its report to the Empowered Committee in Nov. 2007. After-words a spate of deliberations and discussions were held from among different interest groups including trade and industry bodies in the last seven-eight years. In the budget speech during July 2014, the Finance Minister Mr. Arun Jaitly announced that the GST would be rolled – out by the beginning of financial year 2015 – 16. However, it did not materialize and the Finance Minister then hoped to implement it from 01/04/2016 and the Government tried its best to get the GST Bill passed in parliament. But it was struck in Upper – House after getting passed in Lower – House . Now, the Bill awaits its passing in Upper House. In principle, GST is the same as the VAT already adopted by the states but with a wider base. While the VAT – Which replaced the sale tax – was imposed only on goods, the GST will be a VAT on goods and manufacturing and services but not wholesale/retail trade . The GST is expected to usher in a uniform tax regime across India through an expansion of the base of each into the other's territory. This is why a constitutional amendment was necessary<sup>3</sup>. As per the GST bill the Centre will administer Central GST (CGST) and the States administer State GST (SGST).



Compliance will be monitored independently at the two levels. The rates of both CGST and SGST will be fixed by the GST Council, whose members will be state Finance/Revenue Ministers and the Chairman will be the Union Finance Minister.

### **Impact of GST :-**

The major impact of introducing GST in India is the transformation in the fiscal structure of the Indian federal setup. The fiscal right of the states and centre to deal with goods and services independently will be taken away and 22 Introducing GST and Its Impact on Indian Economy both the Governments have to depend on each other's for managing the so called goods and services tax in future. This is a very hard blow to the freedom of participating governments in the federal system. The states that have a total liberty now to decided about VAT rate on goods, VAT exemptions etc, will lose that right and have to participate in decision making and bargain. States' independent and individual right will be lost and they have to act as a whole; which means compromise amongst themselves and depend on the mercy of others the industry and business fraternity, tax experts and economists and consumer bodies and government are of the opinion that the replacement of Excise, VAT and Service Tax by GST would lead to a number of benefits to all the stakeholders.

### **The perceived benefits are –**

1. GST would eliminate to a large extent, the multiplicity of administrative mechanisms and tax rates across different states.
2. It will reduce complexity in tax and increase compliance.
3. It removes many of the cascading effects of indirect taxation.
4. It will remove the documentary hassles, thereby saves huge administrative expense and reduces litigation.
5. Its positive impact on retail as a whole will make supply chain more cost effective.
6. It is expected to address most of the complex issues in taxation like software, intangibles, composite contracts etc. and brings more clarity in the levy.
7. It is expected to increase profitability of corporate and increase accountability and transparency.

### **Conclusion :-**

The study shows that the stakeholders of GST have a very high expectations about the positive outcome of GST. One thing is sure that the GST will bring uniformity and long – term perspective to the indirect tax structure in India. The industry and business along with the consumers will be benefitted. However, while implementing the GST the Government has to the following conditions to derive the above stated benefits:

- a) Centre should take all the states into confidence.
- b) State level taxes like Entertainment tax, Ontario are to be properly addressed.
- c) Clarity of contentions issues and aspects is to be ensured.
- d) Clear roadmap of GST along with proper administrative mechanism should be in place.

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## Impact of GST on Manufacturing Industry

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### Abstract

*Goods and Service tax (GST) is one step towards major reforms in Indirect Tax structure in the country. It has a deep impact on all business houses and their strategies. As GST is a destination based tax structure, it will also change the revenue pattern of state and central governments. By amending the constitution of India through 122<sup>nd</sup> amendment all state governments have been empowered to tax services and Central government has been empowered to charge tax on goods. In the present situation the producer state is credited with central sales tax on inter-state sales. GST may turn out to be biased towards consumption states as tax credit will only be available to such states. Producer states will have a lower financial incentive to offer such concessions, as etc. However, it seems likely that future incentives may only be non-tariff based. GST will only be credited to the state where the supplies are consumed. This would lead to a loss of revenue for the producer states and therefore such states may not be in a financial position to continue offering such incentives, even though there may be other compelling reasons such as generation of labour, improvement of infrastructure, market creation.*

**Keywords- GST, CGST, SGST, PSW, GDP, GOODS**

### Introduction-

GST is the unified tax system that is set to revolutionize indirect taxation in India. Some of its key proposed advantages are streamlining of tax payments, reduction in tax frauds, and ease of doing business. Here is a look at how these will play out in the manufacturing

### Make In India & Manufacturing

The manufacturing sector in India contributes a mere 16% to the overall GDP. However, the potential to make this a high-growth and high-GDP sector is huge. The “Make in India” campaign by Prime Minister Narendra Modi makes this possibility real, by giving impetus to the sector. Furthermore, PwC India estimates that India will become the fifth largest manufacturing country in the world by the end of 2020. It would be interesting to know how the Goods and Services Tax or GST impacts this roadmap.

### Impact of GST on Manufacturing

GST is one of the key policy changes that will have a direct impact on manufacturing establishments. So far, the existing complex tax structure has been a dampener, resulting in the slow growth of the sector. GST is expected to liberate the sector by unifying tax regimes across states.



GST is expected to have a positive impact on Manufacturing Industry

- **Removal of multiple valuations will create simplification:** The old tax regime subjects manufactured goods to excise duty, which is calculated differently in different states. While some states calculate excise duty based on transaction value, others calculate it based on quantity. Most manufactured goods' excise duty is currently considered on MRP valuation. This creates great confusion in valuation methods. GST will usher in an era of transaction-based valuation, making calculation of tax much simpler for the manufacturer.
- **Entry tax sub summation will reduce cost of production:** The subsuming of the entry tax for inter-state transfers is a key reason for reducing cost of goods and services. For example, a supplier of cement from Maharashtra to Karnataka was earlier required to pay entry tax when the supply crossed the interstate border. For Karnataka, the entry tax rate was 5% of the value of the goods. The supplier would pass on this additional cost to the customer, resulting in increase in selling price. With entry tax being subsumed, the supplier need not pay the entry tax rate amount and consequently, not charge the customer this amount either.
- **Improved cash flows:** Under the new tax laws, manufacturers can claim input tax credit on input goods, which seems to be a positive sign for cash flow. SMEs are keenly observing the time difference between input tax credit and the credit being available.
- **Single registration process will provide ease of registration:** The old regime required manufacturers to register each manufacturing facility separately, even those in the same state. GST will simplify the plant registration process by allowing single registration for all manufacturing entities within the same state.
- **Removal of cascading will lead to lower cost-to-consumer:** The old tax regime does not allow manufacturers to claim tax credit on inter-state transaction taxes such as octroi, central sales tax, entry tax etc. This results in cascading of taxes—an extra cost to the manufacturing company. Manufacturers end up passing on these extra costs to the consumer. The unified GST regime will eliminate multiple taxes and thus lower cost of production
- **Restructuring of supply chain:** To align with the GST law, businesses will be required to realign their supply chains. Till this date, most supply chain structuring has been designed around how to manage tax regimes. With a single tax regime, this will change, and supply chain structures will focus on driving business efficiencies.

**Manufacturers are concerned about the following aspects:**

- **Increase in immediate working capital requirements:** Branch transfers and depot transfers will be treated as taxable under GST. IGST will be applicable on these transfers. This increases the requirement for immediate working capital. Another reason for increased working capital requirements is that the receipt of advance is taxable as per GST rules.
- **More stringent and elaborate transaction management:** GST aims to achieve better tax compliance. To make these possible, manufacturers must work towards streamlining existing transactions, this means additional resources and costs. For example, under GST, credit in respect to an invoice can be taken only up to one year



of the invoice date. Also, the provision of reverse charge means that the liability to pay tax falls on the recipient of goods/services instead of the supplier.

- **Lack of clarity on local exemptions:** Despite GST being proposed as a unifying platform for indirect tax, all the components for manufacturing are not yet clear. One such area is localized area-based exemptions. The old structure provides certain exemptions for certain goods in specific states (for example the North East or hilly states). Under GST, most of these exemptions are likely to be removed, resulting in a negative cost-impact on these manufacturers. Such companies must reassess their financial position in view of such likely changes.

### **GST Requires a change in pricing strategy for manufacturing sector**

Towards implementation of the Goods and Services Tax, India Inc continues to grapple with the assessment of the potential impact this mega reform could have on various facets of business. One of the critical aspects of business likely to be impacted by GST is product pricing. Taxes in India currently constitute a substantial part of the total product/service cost. While pricing is an essential function in all organisations, it assumes greater significance in companies operating in the Business-to-Consumer (B2C) segment.

Companies dealing in consumer products often tend to monitor/control not just their realisation from immediate customers, but also the maximum retail price or the retail selling price in addition to the margins that the intermediaries in the distribution chain are expected to make.

While fixing the product price and the margins, apart from the taxes forming part of the product cost, the taxes (generally VAT; CST in some cases) payable in the chain by each of the intermediaries (distributors, dealers, retailers) also become a critical factor. Given that GST is likely to completely overhaul the prevailing system of taxation, the entire pricing methodology would need to be revisited. For instance, the intermediaries could henceforth be required to pay dual GST (comprising central and State GST) in lieu of the existing VAT or CST payable on their sales to the customers. The cumulative rate of GST on several products is expected to be at least 20 per cent, in contrast to the existing VAT rate of around 12.5 to 15 per cent. This increase in tax incidence may have to be absorbed by one or more of the stakeholders in the distribution chain, that is, the company, the dealers, or the end consumers.

One may argue that GST could lead to significant tax savings to several companies on their sourcing and manufacturing activities, which, in turn, should translate into lower product prices.

However, this may not necessarily be the case. First, the tax savings on sourcing may not always be adequate to offset the incremental GST cost on distribution. The net impact would depend on several aspects, with the current tax rate vis-à-vis the new GST rate for the product in consideration, being an important factor. Second, past experience suggests that many companies may not be generous enough to pass on the entire tax savings arising from GST, to the consumers. A case in point is the perennial grievance of the government that manufacturers of automobiles do not pass on the benefit of excise duty reduction. Companies, on their part, may argue that the tax savings need to be retained to absorb the impact of rising raw material prices and other costs.



### **Other Ramification of GST**

There are other aspects associated with GST that could influence pricing. Enhanced enforcement measures through use of technology could compel many of the existing unregistered retailers to get registered under GST. This could add to the tax cost on the margins of such retailers, and hence, impact the product price. Tax treatment of promotional schemes and discounts, would also play a part in firming up the sales and marketing strategy. From a consumers' standpoint, over 20 per cent GST on the invoice instead of the current VAT (say, 14 per cent) could be a rude shock. Even if the company were to reduce the base price of the product (translating into a similar or lower overall cost to the consumer), a significantly higher GST on the invoice is likely to outrage consumers.

The government would need to clarify that the enhanced rate reflected on the invoice is due to greater transparency, and not higher tax incidence. Any incremental savings resulting from taxes or a more efficient supply-chain under GST could give companies added flexibility in terms of increasing the market share through price-reduction, or improving the bottom line.

### **Manufacturing Industry affected by GST**

Manufacturing industry has been a growth driver for various developed countries in the past but India's manufacturing sector has always been a lackluster performer. India's complex tax structure can partly be blamed for the stagnant growth of this industry. Government knows the importance of this sector and has therefore taken several steps in the recent past to make India a manufacturing hub at global level. The new GST regime is also a step which will act as a catalyst for driving growth of manufacturing industry. It will have a far-reaching impact on business avenues, compelling organisations to realign bottlenecks such as production cost, production time, supply chain, compliance, logistics, etc. with the changing indirect tax structure.

There are still a lot of gaps in GST Act so it is difficult to make predictions about its impact on industry. However, using the information available we have done impact analysis of GST on manufacturing industry.

### **Compliance requirements may increase**

GST will demand businesses to set-up mechanism for meeting the requirements of GST. Increased compliance will close loopholes in the tax framework but increase costs initially for businesses. Once businesses adapt themselves to meet the requirements of GST, compliance costs will come down drastically.

### **State incentives**

States come up with various lucrative investment promotion policies to lure businesses into setting up their units. These incentives are generally offered in the form of tariff incentives like lower tax rates, refund or deferment of taxes, etc. and non- tariff incentives like economical land lease terms, lower electricity duty, etc. In GST regime, states may not be given such flexibility to ensure uniformity. There is no mention of the future of current incentives in the Model GST Law.



### **Area based incentives**

Manufacturing units enjoy exemption of taxes based on their location in specified backward areas, capital investment etc. There is no clarity under the Model GST Law on the treatment of such area based exemptions. Given this uncertainty, companies should make a representation to the Government for appropriate compensation for the unutilized portion of such incentives.

### **Impact on working capital**

Current tax regime does not tax transfer of stocks while GST will tax this exchange by considering stock transfers as supplies. Although Input Tax Credit will be available to be claimed but its realization will only occur once the final supply is concluded. This may impact manufacturing segment in a major way due to interruptions in cash flow. Companies will have to rebuild their supply chain strategies in order to handle the situation.

### **Tax on free supplies**

Currently, free supplies are not taxed under VAT. However, Model GST Law states that certain transactions without any consideration will also be treated as supplies and therefore taxed. Similarly, GST may also be applicable on free samples.

Under the present indirect tax regime free supply of goods are not subject to VAT. The Model GST Law stipulates that specific transactions without consideration would also be treated as supplies. Accordingly, free samples may be subject to GST, leading to increase in overall costs.

### **Discounts**

The Model GST Law stipulates that post supply discounts are to be excluded from the transaction value, provided such discounts are known at or before the time of supply of goods and are linked to the invoices for such supply. Companies may need to analyse existing post supply discounts/incentive schemes where the quantum of discount is not known at the supply stage. Example, secondary market incentive schemes, volume based discounts etc.

### **Reduction of cascading taxes**

Input Tax Credit is arguably the most important feature of GST but it isn't something new for the taxpayers. Under the present system of indirect taxes, manufacturers are allowed to claim most taxes levied on inputs. However, they are not allowed to claim Central taxes paid against State taxes and vice-versa. This often leads to a situation where manufacturers are unable to claim excess credit of central or state levies. Not just this even Central Sales Tax paid on inter-state procurements is also not creditable and are costs for the companies.

Another issue faced currently is the cascading of taxes at the post manufacturing stage. Dealers, retailers etc. are subject to taxes on their input side which are not creditable (service tax on input services, excise duty on capital goods). This leads to an increase in the cost of goods, ultimately affecting the competitiveness of Indian manufactured goods vis-à-vis imports.

All of the above issues are addressed under the Model GST Law, which permits tax set offs across the production value-chain, both for goods and services. This will result in a reduction of the cascading effect of taxes and bring down the overall cost of production of goods.



### **Reduction of classification disputes**

Manufacturing sector often struggles with litigations in the current indirect tax regime. These litigations are mostly based on classification disputes. Different products are taxed at different rates while some are exempt from tax under excise and VAT legislations which make compliance difficult for manufacturers. It is expected that replacing current indirect tax structure with GST which is based on the principles of a simplified rate structure and minimization of exemptions will significantly reduce disputes arising from classification of products.

### **Supply chain restructuring based on economic factors**

Businesses structure their supply and distribution models in a way that it minimizes their tax liability arising at various levels of value addition. Transition to GST should hopefully result in such decisions being taken to optimize business efficiency (as opposed to indirect tax efficiency). Example, currently warehousing choices is often based on arbitrage between VAT rates in different States/ between applicable VAT and CST rates. With the advent of GST, it is hoped that such warehousing and logistics decision would be based on economic efficiency such as costs and locational advantages vis-a-vis key customers. However, a key hindrance could be the proposal to levy a 1% origin tax on inter-state supplies.

### **Impact on petroleum dependent industries**

Government has planned to exclude five petroleum products from GST. These products are high speed diesel, petroleum crude, natural gas, motor spirit and aviation turbine fuel. On these products, government will continue to impose excise duty and state VAT. Industries which consume petroleum products as their main input (such as the fertilizer industry which use natural gas as an important input) will be impacted by this exclusion.

Despite some hiccups, GST coupled with "Make in India" initiative will positively impact manufacturing sector in India. It can boost Indian manufacturing industry which can ultimately drive GDP growth.

### **Conclusion**

Overall, one can say that the impact of GST on the manufacturing sector is positive. It provides a unique opportunity to streamline business operations to become more compliance and profitability-oriented, rather than tax-oriented. It puts power in the hands of business leaders to bring about positive change and steer their enterprises on a growth path, powered by GST-compliance. Likewise, under GST, many companies may consider retaining at least partly, if not fully, the tax savings on sourcing, which could translate into higher prices to the end customer. This phenomenon has been observed in several other countries at the time of implementation of GST, resulting in steep inflation in the short term.

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## GST- Impact on Indian Economy

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### Abstract-

*Goods and Service Tax had become effective from this year July, 2017. The present paper is an exploratory study which shows the impact of Good and Service Tax on Various sector of Economy. The findings shows that tax rates has significantly impacted various sectors of economy but still it has reduced the burden of tax on final consumer by removing cascading effect on consumer.*

**Keywords:** GST, Impact, Economy

### Introduction-

The Goods and Services Tax has deeply impacted our Indian taxation system. The GST Act was passed in the Lok Sabha on 29th March, 2017, and came into effect from 1st July, 2017.

Tax policies play an important role on the economy through their impact on both efficiency and equity. A good tax system should keep in view issues of income distribution and, at the same time, also endeavour to generate tax revenues to support government expenditure on public services and infrastructure development.

GST stands for Goods and Services Tax. It is a domestic trade tax that will be levied in the form of a value added tax on all goods and services -in practice with some exemptions

### Objectives

The objective of this research paper is to understand the effect of GST on various sectors of Economy. The paper will specifically examine its role in sectors like FMCG

### Methodology

This study is based on Secondary data.

- The data is collected from different newspapers, articles in magazines and websites.
- The study is Exploratory in nature.

### Impact of GST on Indian Economy

The Goods and Service Tax (GST) bill is expected to have wide ranging ramifications for the complicated taxation system in the country. It is likely to improve the country's tax to GDP ratio and also inhibit inflation. However, the reform is likely to benefit the manufacturing sector but may make things difficult for the services sector.

Though there are expectations that the GDP growth is likely to go up by 1 to 2 %, the results can only be analysed after the GST implementation. The response is mixed from countries around the world. While the New Zealand economy had a higher GDP growth, it was lower in case of Canada, Australia and Thailand after the GST was implemented.

The one per cent tax that has been proposed as a sop to appease the States for compensating their loss of revenue from the inter-state CST is likely to play a spoil sport. It



is probable that it may affect the GDP adversely. The Congress is already opposing the 1 per cent tax.

The GS Tax rate is expected to be around 17-18% and can be assumed as a tax neutral rate. This tax rate is not likely to give any incremental tax revenue to the government. The rate will prove beneficial for the manufacturing sector where the tax rate is around 24% at present. The major manufacturing sectors that will benefit the most are FMCG, Auto and Cement. This is because they are currently reeling under 24 to 38 per cent tax.

The sector which is going to be adversely affected is the services sector. Already there has been a hike from 12 to 14% from the 1st of June this year. Another 4 per cent increase will break their backs. The uniformity in the taxation rate is fine but it should not result in disparity for the goods and services sectors. Nobody has thought of the implications it will have in the services sector if the government moots a higher GS Tax rate like 20% or 24%.

The higher GST rate will definitely boost the tax to GDP ratio, while giving financial muscle to the government for increasing the capital expenditure. This is likely to spur growth in the economy.

There is definitely a silver lining to the whole exercise. The unorganised sector which enjoys the cost advantage equal to the taxation rate can be brought under the GST bill. This will bring a lot of unorganized players in the fields like electrical, paints, hardware etc. under the tax net. It is easier said than done. It will take a lot of meticulous planning in the implementation of the GST reform for capturing the unorganized sector under its ambit. For one it will widen the tax reach and secondly it will benefit the organized players who lose out revenue to the unorganized sector at present.

There are still a lot of unchartered territories which need to be looked into through parliamentary discussions in the sessions. This will bring sanctity to the taxation system without hurting any of the sectors adversely.

To The Individuals and Companies - With the collection of both the central and state taxes proposed to be made at the point of sale , both components will be charged on the manufacturing costs and the individual will benefit from lowered prices in the process which will subsequently lead to increase in consumption thereby profiting companies

### **Advantages Of GST**

Apart from full allowance of credit, there are several other advantages of introducing a GST in India: **Reduction in prices:** Due to full and seamless credit, manufacturers or traders do not have to include taxes as a part of their cost of production, which is a very big reason to say that we can see a reduction in prices. However, if the government seeks to introduce GST with a higher rate, this might be lost.

#### ***Increase in Government Revenues:***

This might seem to be a little vague. However, even at the time of introduction of VAT, the public revenues actually went up instead of falling because many people resorted to paying taxes rather than evading the same. However, the government may wish to introduce GST at a Revenue Neutral Rate, in which case the revenues might not see a significant increase in the short run.

#### ***Less compliance and procedural cost:***

Instead of maintaining big records, returns and reporting under various different statutes, all assesseees will find comfortable under GST as the compliance cost will be



reduced. It should be noted that the assesseees are, nevertheless, required to keep record of CGST, SGST and IGST separately.

### ***Move towards a Unified GST:***

Internationally, the GST is always preferred in a unified form (that is, one single GST for the whole nation, instead of the dual GST format). Although India is adopting Dual GST looking into the federal structure, it is still a good move towards a Unified GST which is regarded as the best method of Indirect Taxes.

### **Challenges Of GST in Indian Context**

At Present, lots of speculations are going as to when the GST will actually be applicable in India. Looking into the political environment of India, it seems that a little more time will be required to ensure that everybody is satisfied. The states are confused as to whether the GST will hamper their revenues. Although the Central Government has assured the states about compensation in case the revenue falls down, still a little mistrust can be a severe drawback.

The GST is a very good type of tax. However, for the successful implementation of the same, there are few challenges which have to face to implement GST In India. Following are some of the factors that must be kept in mind about GST:

1. Firstly, it is really required that **all the states implement the GST** together and that too at the same rates. Otherwise, it will be really cumbersome for businesses to comply with the provisions of the law. Further, GST will be very advantageous if the rates are same, because in that case taxes will not be a factor in investment location decisions, and people will be able to focus on profitability.
2. For smooth functioning, it is important that the GST clearly sets out the **taxable event**. Presently, the CENVAT credit rules, the Point of Taxation Rules are amended/ introduced for this purpose only. However, the rules should be more refined and free from ambiguity.
3. The GST is a *destination based tax*, not the origin one. In such circumstances, it should be clearly identifiable as to where the goods are going. This shall be difficult in case of services, because it is not easy to identify where a service is provided, thus this should be *properly dealt with*.
4. More awareness about GST and its advantages have to be made, and professionals like us really have to take the onus to assume this responsibility.

### **Conclusion :**

The major findings of the paper elaborates that no doubt the current GST system is a multi stage, destination based effect on goods and services but it will be a major source of revenue for Govt. as it shows significant impact on each and every sector of economy.

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## Impact of GST on Household Budget of Satana Town

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### Abstract: -

*This paper compares household budget of peoples in satana town before GST and after GST. Data of household budget collected from families of people in satana.*

**Keywords:** - GST, Percentage Increase

### Introduction: -

GST is considered to be a mechanism to enforce the indirect tax on manufacturing, sales, and consumption of goods and services across India, to replace the existing taxation schemes implemented by the Central and State governments. India now has four GST slabs – 5%, 12%, 18% and 28% and an exempt and additional cesses category. Though GST will impact the budget of everyone differently depending on their lifestyle patterns, the change in household expense is set to be more or less the same for everyone. Some household articles have seen a price increase, while the prices of many others have come down. Let us take a look at the overall impact of GST on basic household budget.

### Collection of data: -

Data were collected, of annual expenditure on various household items of a family of four peoples of different income groups.

#### 1. Annual income 3 lac.

Item	Previous Budget	Previous Tax %	GST %	New Budget
Basic Household	150000	15	18	154500
Milk, Foods and vegetables	25000	0	0	25000
Beauty and Personal care	5000	26	28	5100
Dry fruits	1000	6	12	1060
Clothing	20000	18	18	20000
Medicines	2000	12	12	2000
Tea/ Coffee	2000	6	5	1980
Entertainment	1000	22	18	960
Total	206000/-			210600/-

Percentage increase =  $(\text{New Budget} - \text{Previous Budget}) * 100 / \text{Previous Budget}$

=  $(210600 - 206000) * 100 / 206000$

= 2.23 %

#### 2. Annual Income 6 lac

Item	Previous Budget	Previous Tax %	GST %	New Budget
Basic Household	300000	15	18	309000
Milk, Foods and vegetables	25000	0	0	25000
Beauty and Personal care	10000	26	28	10200



Dry fruits	2500	6	12	2650
Clothing	20000	18	18	20000
Branded clothing	10000	22	28	10600
Medicines	2000	12	12	2000
Tea/ Coffee	2000	6	5	1980
Entertainment	4000	22	18	3840
Cell phones	10000	6	18	11200
Total	385500/-			396470/-

Percentage increase = (New Budget – Previous Budget)\*100/Previous Budget

$$= (396470 - 385500) * 100 / 385500$$

$$= 2.84 \%$$

### 3. Annual Income 10 lac

Item	Previous Budget	Previous Tax %	GST %	New Budget
Basic Household	500000	15	18	515000
Milk, Foods and vegetables	25000	0	0	25000
Beauty and Personal care	20000	26	28	20400
Dry fruits	5000	6	12	5300
Clothing	20000	18	18	20000
Branded clothing	40000	22	28	42400
Medicines	2000	12	12	2000
Tea/ Coffee	2000	6	5	1980
Entertainment	10000	22	18	9600
Cell phones	25000	6	18	28000
Air conditioners	30000	26	28	30600
Preserved Vegetables	2000	0	18	2360
Kitchenware's (Induction )	5000	18.5	28	5475
Total	686000/-			708115/-

Percentage increase = (New Budget – Previous Budget)\*100/Previous Budget

$$= (708115 - 686000) * 100 / 686000$$

$$= 3.22 \%$$

### Conclusion : -

The impact on the budget of a family that earns 3 lac per annum will be very marginal. But rate increases with the income increases. We have to pay extra more for branded items.

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## GST and Agriculture

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### Abstract:

*India is the top farming country in the world. More than 50 per cent of the rural people depend on agriculture because it is their main source of livelihood. Agricultural sector has been the root of Indian economy and it contributes to GDP. GST will have both positive and negative effect on Agriculture. GST has single tax structure. The implementation of GST is expected to bring uniformity in all over India. So it is important to study the impact of GST on the Agriculture sector.*

### Introduction:

GST stands for “Goods and Services Tax”. It means all the indirect taxes will be merged into a common single tax. It contains all indirect taxes levied on goods into a uniform GST. GST means “**one nation, onetax**”.

The term agriculturists has been defined in the GST Act as, “Agriculturist” means an individual or a Hindu Undivided Family (HUF) who undertakes cultivation of land- By own labour, or By the labour of family, or By servants on wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family. Hence, it must be cleared that only farmers involved in the cultivation of land who are individuals or a HUF.

Agriculture is one of the most important sectors of the Indian economy. GST will have both negative and positive impact on agriculture. GST help us to make Indian products competitive in the domestic and international markets.

### Impact of GST:

**On Farm sector:** GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. A better supply chain mechanism would ensure a reduction in wastage and cost for the farmers/retailers. GST would also help in reducing the cost of heavy machinery of agricultural commodities. Under GST law, dairy farming, poultry farming and stock breeding are not come under the meaning of agriculture. Therefore these will be taxable under the GST. In the GST regime, the tax on fertilizers and tractors have been increased to 12%. Implementation of GST will be the first step towards liberalizing the marketing of agricultural products. According to GST a single rate of goods and service tax will be applicable. It would benefit the national agricultural market. It will also help the farmers and traders to sell their products in any part of the country and receive the best price for their product.

**On agricultural sector:** A scheme for the promotion of National agricultural Market (NAM) is introduced by the central Government. It involved all the farmer and traders in the regulated markets. It is in the form of a common e- commerce platform. It becomes transparent, impartial trade of agri- commodities. It is called as National



Agricultural Market. GST is important for creating the successful implementation of NAM. Most of the indirect taxes levied on agricultural products, would be merged under GST. GST would provide each trader, the input credit for the tax paid on every value addition. This will create a transparent and impartial trade. It would lead to free movement of agri-commodities across India. Some states in India like Maharashtra, Punjab, Gujarat and Haryana earn more than Rs 1000 crores from charging CST/OCTROI/Purchase tax. GST would subsume all the above taxes. Hence these states would need to be compensated for the loss of revenue. The main object is to integrate the system of market of agricultural produce at the national level. Transportation of agricultural product across state lines all over India is the major issue. GST shall resolve the issue of transportation.

**On agricultural tools:**

<b>GST EXEMPTED</b>	<b>GST 5%</b>	<b>GST 12%</b>	<b>GST 28%</b>
Manually operated, animal driven, spades, shovels, picks, hoes, forks, axes, bill hooks, hay knives, etc.	Hand pumps and parts, Solar water heater and system, Waste to energy plants/devices, Solar lantern/solar lamp, etc.	Milking machines and dairy machinery, Composting machines, Thermal equipment, etc.	Ceramic wares for laboratory, ceramic pots, jars, and similar articles of a kind used for the conveyance or packing of goods, etc.

**Merits of GST in agricultural sector:**

1. Farmers do not need GST Registration: According to the GST act, agriculturists have been exempted from GST registration or compliance requirements. But any company or LLP or Corporation involved in farming or agricultural activities would not be exempted from GST compliance requirement.
2. Farmers need not collected GST: GST can be collected by only taxable persons having GST registration and most farmers would not have GST registration, they would not be liable for collecting and remitting GST to the Government.
3. Farmers do not need GST filing: Compliance under GST and GST filing is necessary only for taxable persons under GST, having GST registration. Most farmers in India would be classifiable as an agriculturist under the GST Act, GST filing would not be necessary.
4. No GST for seeds: GST would not be applicable on seed purchase by farmers.
5. GST rate for fertilizers: The GST rate is NIL for organic manure.
6. Unprocessed agricultural goods are not chargeable under current VAT therefore GST will not be applicable for them.
7. Service tax will be exempted in various services related to agricultural produce.
8. GST will play an important role in National Agricultural Market. Due to GST a single tax will be applicable on agricultural products.
9. GST will help in transparency and reliability.
10. It will help in inter-state transportation.
11. The GST will replace all central and state taxes and unite Asia's third largest economy and billions of people came into a single market.



### Demerits of GST in agricultural sector:

1. GST increase the prices of agricultural inputs like seeds, pesticides and farm equipments which results into increase in cost of production of farmers.
2. In GST, Fertilizers like Urea, DAP, Potash will increase in tax rate. Retail price of Urea, which is fixed by the government, is at Rs 5,360 per tonne now. The price of DAP and Potash, fixed by private companies, are at Rs 22,000 and Rs 11,000 for each tone.

Thus, fertilizers prices are increased. It would hurt farmers. India is a agricultural country and the Indian economy is largely depends on agriculture means it depends on fertilizers and tractors for a good harvest.

3. In case of milk, Tea and Fertilizer it gives negative impact. These are the most popular commodities in India. In case of milk there is no tax to procure milk from farmer.
4. Following are the different tax rate before and after GST:

Particulars	Before GST	After GST
Drip and sprinkler Irrigation equip.	5%	18%
Pesticide sprayer	6%	18%
Electric motors	7%	12%

### Conclusion:

Implementation of GST is beneficial to the farmers/distributors in the long time because there will a single unified national agricultural market. GST would ensure that farmers in India, who contribute the most to GDP, will be able to sell their produce for the best available price. It is fact that, GST will improve the transparency, reliability. GST have both positive and negative impact on the farm sector. GST will make tax system more transparent as single tax system in India. *GST is a "great step by Team India, great step towards transformation, great steps towards transparency"*.

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## Impact of GST on Indian Economy

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### Abstract:

*The research paper is regarding impact of GST on Indian Economy. With the introduction of GST there is a condition chaos and confusion among common man. The aim this research paper is to explain the mechanism of GST and its effects on Indian economy. 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 mechanism, every person is be liable to pay tax on output and shall be entitled to enjoy credit on input tax paid and tax shall be only on the amount of value added. The historic GST or goods and services tax has become a reality. The new tax system was launched at a function in Central Hall of Parliament on 1<sup>st</sup> July 2017 (Friday midnight). GST, which embodies the principle of "one nation, one tax, one market" is aimed at unifying the country's \$2 trillion economy and 1.3 billion people into a common market. Under GST, goods and services fall under five tax categories: 0 per cent, 5 per cent, 12 per cent, 18 per cent and 28 per cent. For corporate, the elimination of multiple taxes will improve the ease of doing business. And for consumers, the biggest advantage would be in terms of a reduction in the overall tax burden on goods. "Inflation will come down, tax avoidance will be difficult, India's GDP will be benefitted and extra resources will be used for welfare of poor and weaker section," Finance Minister Arun Jaitley said at GST launch event in Parliament. The Lok Sabha has finally Passed the Goods and Services Tax Bill and it is expected to have a significant impact on every industry and every consumer. Apart from filling the loopholes of the current system, it is also aimed at boosting the Indian economy. This will be done by simplifying and unifying the indirect taxes for all states throughout India.*

### Introduction:-

GST stands for Goods and Services Tax levied by the Government in a move to replace all of the indirect taxes. 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 mechanism, every person is be liable to pay tax on output and shall be entitled to enjoy credit on input tax paid and tax shall be only on the amount of value added The principal aim of GST is to eliminate cascading effect i.e. tax on tax and it will lead to bringing about cost competitiveness of the products and services both at the national and international market. GST System is built on integration of different taxes and is likely to give full credit for input taxes. GST is a comprehensive model of levying and collection of indirect tax in India and it has replace taxes levied both by the Central and State Governments. GST be 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 shall be entitled to claim credit of the tax they paid on purchase of goods and services as a part of their day to day businesses.

### **Impact Of GST on Inflation:**

GST, the new tax regime, has brought with it a lot of anxiety in terms of implementation. Even in midst of all the uncertainties and challenges, there is confidence that in the long-term it will lead to benefits in the form of higher GDP growth and wider tax base. However, the pertinent question currently is what could be its impact on inflation. As per the GST tax rates finalized, nearly 50% of the goods fall under the 18% tax rate. In the earlier indirect tax regime, for many items, excise duty plus state VAT and all other taxes added up to more than 25%. Hence, for many of the manufactured goods prices should fall under GST. Under GST, for all goods and services, the producers can claim input tax credit. This means that at the time of paying tax on output, producers can reduce the tax they have already paid on inputs. In the earlier regime, many of the taxes like CST, entry tax, octroi and several cesses were not vatable. This resulted in cascading effect of the taxes. Removal of cascading effect under GST should also help reduce prices.

The government has introduced an anti-profiteering law under the GST bill to ensure that the benefit due to a reduction in the rate of tax or from input tax credit is passed on to the consumers. While theoretically, prices should go down for many manufactured products under GST, in reality, there could be stickiness in the downward revision of prices and the anti-profiteering law may not be easy to implement.

There is an apprehension of inflation in the services sector. The services sector contributes more than 50% to India's GDP. The GST rate applicable on most services is now 18% as compared to 15% under the older tax regime. This will put upward pressure on prices in the services sector. Service providers will get input tax credit for goods as well as services purchased by them, which will to some extent help in reducing service cost. However, another aspect to be taken into account is that for many of the service providers like banking, insurance, telecom the compliance cost is going to increase under the GST. Under GST they will be required to do state-level registration, whereas earlier the registration was only required at the central level. This will add to the cost of the service providers and mitigate some benefits of the input tax credit (ITC).

Another aspect to be taken into account is that many items are not yet covered by the GST. Potable alcohol, crude oil, natural gas, aviation fuel, diesel, petrol, electricity and real estate are currently out of GST, and states will levy their own taxes on these. Take the case of petroleum companies, their final output petroleum products are out of GST. Hence, the



amount of GST that petroleum companies pay on the hiring of rigs and purchase of equipment and services for crude oil production and refining cannot be offset against the tax paid on the final products (as petroleum products are out of GST and will continue to be covered by central excise duty and VAT). The resultant increase in cost for these industries could pose an inflationary threat.

While the CPI basket does not show an adverse impact of GST on inflation, we must not ignore the fact that tax on services, which is a big chunk of our GDP, is increasing. Moreover, a large part of the economy (items like petrol, diesel) are outside the ambit of GST. That may also have an inflation distortionary impact as an offset on these items will not be available under GST. In the short-term, it may not be easy to pass on the reduction in cost due to GST. Overall, we feel GST impact on inflation could be somewhere between neutral to a marginal increase in the short-term. In the medium to long-term, GST should put downward pressure on inflation through efficiency gains, reduction in supply chain rigidities and lower transportation cost.

### **Impact of GST on States Autonomy:**

The proposed GST Scheme has created a sense of fear among states that they will lose their autonomy over levy of taxes. Presently, states enjoy total autonomy atleast in respect of state taxes. It is up to state governments to decide – what to levy, type of levy, rate of tax and how to tax

We just cannot out rightly say that the states are not right as it is possible that some states may lose revenue with the introduction of GST. States such as Punjab and Haryana are not in favor of removal of purchase tax as it would be subsumed in GST and the two states would stand to lose very huge amount. Similarly, Maharashtra is not willing to let go of octroi. On the issue of input tax credit, some states like Tamilnadu is of the view that autonomy of the states should be protected and the states should have the right to decide whether to allow or disallow input tax credit or not.

It is right that some states would have a chunk revenue loss in the course of transmission to GST but they can be compensated. The Task Force has recommended a sum of Rs. 50,000 Crore for compensation in case of revenue loss to the states. But the states are making it a political issue. Some states in their recent budget presentations have complicated the indirect tax regime by adding layers to tax slabs and raised taxes with an eye on enhancing the extent of compensation. So, the compensation has become a matter of 'grand bargain' between centre and the states. Generally state governments use their fiscal policy as an instrument for the purpose of social welfare and sometimes for consolidating their vote bank. In fact, some of the state governments want to use the tool of taxation for maintenance of their vote bank

With the inclusion of the tax on services as well as tax on manufacture, the tax base of the state governments will increase significantly, whereas the taxbase of the centre on the other hand will increase only to the extent of tax on sales. Certainly, the widen taxbase would ensure more revenue for the states. Hence it is not right to say that the centre will be benefited more. State governments can achieve their objective of social and economic welfare through increased revenue and support inform of compensation by the centre. They shouldn't politicize this issue.



### **Impact of GST on Economic Inequality:**

One obvious trade off involved with GST is that any attempt to increase the tax–GDP ratio through GST would lead to higher inequality in a country which is already witness to extremely high and increasing inequality. GST is an indirect tax and is levied at the same rate on the poor and the rich. If the poor consume proportionately more out of their income, the incidence of an indirect tax would be higher on the poor than the rich, which makes it regressive taxation. Given, any degree of progressiveness in direct taxation, if the proportion of indirect tax collection increases relative to direct tax revenue in the economy, clearly, the degree of inequality would rise. Therefore, given any aggregate direct tax to GDP ratio and for any given composition of combined government spending, if the indirect tax collection as proportion of GDP somehow increases under the GST regime— either by better compliance or higher GST rate, or because of larger tax base—the degree of inequality would rise in the economy. If not, then the total tax revenue would not increase as a proportion of aggregate national income. If this abysmally low tax–GDP ratio does not increase, then, given the rule-based budgeting act, or the Fiscal Responsibility and Budget Management (FRBM) Act, the government's expenditure as proportion of GDP would also remain low.

### **Conclusion:**

The expected harmonious levy in GST regime across the states would lead to the unification of Indian market as the inter-state trade barriers would be removed. The uniform rate of tax, subsuming of major central and state taxes in GST, full set-off mechanism and roll-out of CST may reduce the cost of indigenously manufactured goods and also of services. It would increase the competitiveness of Indian goods and services in the international market. One market would resolve many political and economic issues in a diversified country like India and the objective of co-operative federalism behind implementation of GST according to Union Finance Minister can be achieved. More emphasis should be put on direct taxes for improving India's abysmally low tax–GDP ratio for arresting the inequality situation in the country from worsening further. Each individual state should have the freedom to set their own SGST rates for different commodities and services with some provisions for entry tax in order to preserve the fiscal autonomy of the state governments. The calculation of RNR for the central government should be done separately for determining the CGST rates, which would be uniform across all the states. Since the centre has to give some compensation to the states with larger excise duty bases, and since the central revenue receipts from GST would be part of the divisible pool, the weighted average CGST rate (as a percentage of GDP) should be made accordingly so that the central government also does not make any net revenue loss.

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## वस्तु व सेवा कराचे भारतीय अर्थव्यवस्थेवरील परिणाम

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### गोषवारा :

सदर संशोधन लेख हा वस्तु व सेवा कराचे भारतीय अर्थव्यवस्थेवर होणा-या परिणामांच्या अभ्यासाशी संबंधित असून सर्वसामान्यांच्या मनात वस्तु व सेवा कराविषयी असलेली गोंधळाच्या स्थितीचा अभ्यास प्रस्तुत लेखात करण्यात आला आहे. प्रस्तुत संशोधन लेखाचा हेतू वस्तु व सेवा कराच्या यंत्रणेचा भारतीय अर्थव्यवस्थेवरील परिणाम अभ्यासणे हा आहे. भारतात केळकर समितीच्या शिफारशीनुसार २००४ मध्ये वस्तु व सेवा कराची संकल्पना मांडण्यात आली. सदर शिफारस ही 'राजकोषीय जबाबदारी व अंदाजपत्रकीय व्यवस्थापन कायदा - २००३' नुसार करण्यात आली. भारतात जर वस्तु व सेवांवर द्विविध वस्तु व सेवा कर प्रणाली लागू केली तर भारतीय अर्थव्यवस्थेला या माध्यमातून मोठ्या प्रमाणावर महसूल प्राप्त होऊ शकेल, असे मत केळकर समितीचे होते. वस्तु व सेवा कर यंत्रणेच्या माध्यमातून देशातील प्रत्येक व्यक्ती कराच्या कक्षेत येऊ शकेल. वस्तु व सेवा कर भारतीय अर्थव्यवस्थेच्या वाटचालीत एक ऐतिहासिक पाऊल ठरू शकेल. भारतात हा कर १ जुलै २०१७ पासून लागू झाला. 'एक देश, एक कर' असे तत्व असलेल्या वस्तु व सेवा कराच्या माध्यमातून देशाला २ लाख कोटी डॉलरचा महसूल मिळेल, तसेच १.३ अब्ज लोक या कारच्या कक्षेत येतील. वस्तु व सेवा करांतर्गत वस्तु व सेवांचे पाच गटांत वर्गीकरण करण्यात आलेले आहे. ०, ५, १२, १८, २८ टक्के असे करांचे टप्पे (tax slab) करण्यात आले आहेत. अर्थात भविष्यात या कर टप्प्यांमध्ये बदल होण्याची सुद्धा शक्यता नाकारता येणार नसल्याचे मत अर्थमंत्री अरुण जेटली यांनी नुकत्याच झालेल्या एका पत्रकार परिषदेत व्यक्त केले. अप्रत्यक्ष करांच्या माध्यमातून सरकारला मोठ्या प्रमाणावर महसूल मिळाल्यामुळे सरकारला गरीब व सर्वसामान्य लोकांच्या आर्थिक व सामाजी कल्याणासाठी मोठ्या प्रमाणावर खर्च करता येऊ शकेल.

**बीजशब्द (keywords) :** जी.एस.टी., भारतीय अर्थव्यवस्था, अनुकूल व प्रतिकूल परिणाम.

### प्रस्तावना :

जी.एस.टी. म्हणजेच वस्तु व सेवा कर. सर्व प्रकारचे अप्रत्यक्ष कर बंद करून एक देश एक कर म्हणजेच वस्तु व सेवा कराची संकल्पना २००४ मध्ये केळकर समितीने 'राजकोषीय जबाबदारी व अंदाजपत्रकीय व्यवस्थापन कायदा, २००३' नुसार काँग्रेस सरकारच्याच काळात मांडली होती. केळकर समितीच्या मते, ही करप्रणाली अमलात आणल्यामुळे देशातील प्रत्येक घटक या कारच्या कक्षेत येऊन सरकारला या माध्यमातून मोठ्या प्रमाणात महसूल मिळू शकेल. त्याचप्रमाणे करचूकवेगीरीचे प्रमाणदेखील त्यामुळे कमी होईल. वस्तु व सेवा कर सुरू करण्यामाघचा सर्वात महत्वाचा हेतू म्हणजे सर्व अप्रत्यक्ष करांचे एकत्रीकरण करणे होय. वस्तु व सेवा कर ही एक अशा प्रकारची अप्रत्यक्ष करांच्या बाबतीत सर्वसमावेशक करप्रणाली आहे की, त्याच्या माध्यमातून केंद्र व राज्य सरकारला करांचे संकलन करणे सोपे होईल. वस्तु व सेवांवरील हा कर विक्री व खरेदीच्या प्रत्येक अवस्थेला आकारला जाईल. लोकसभेने शेवटी हे विधेयक मंजूर केले व त्याचा निश्चितपणे भारतीय अर्थव्यवस्थेवर चांगला परिणाम होईल, अशी अपेक्षा या नवीन करप्रणालीकडून केली जात आहे. कराच्या या नवीन पद्धतीच्या अंमलबजावणीची घोषणा देशाचे केंद्रीय अर्थमंत्री श्री. अरुण जेटली यांनी संसदेच्या दालनातून एका कार्यक्रमाद्वारे १ जुलै २०१७ रोजी केली.



### संशोधन पद्धती :

सदर संशोधन लेख हा प्रायोगिक पद्धतीवर आधारित आहे.

#### अ) अभ्यासाची उद्दिष्टे :

- १) वस्तू व सेवा कराचा भारतीय अर्थव्यवस्थेवरील परिणामाचा अभ्यास करणे.
- २) भारतातील वस्तू व सेवा कराच्या कार्यपद्धतीचा अभ्यास करणे.

#### ब) अभ्यासाचे महत्त्व :

- १) वस्तू व सेवा कराचे भारतीय अर्थव्यवस्थेवरील होणारे परिणाम यावर प्रकाश टाकण्यासाठी हा अभ्यास महत्वाचा आहे.
- २) सर्वसामान्य व्यक्तिला वस्तू व सेवा कराची संकल्पना समजण्यास या अभ्यासामुळे मदत होईल.

#### क) तथ्य संकलन :

सदर संशोधन लेख हा विविध वर्तमानपत्रातील लेख, इंटरनेट, करांवरील पुस्तके, बातम्यांवरील चर्चा व संशोधन जरनल या दुय्यम स्रोतांवर आधारित आहे.

### वस्तू व सेवा कराची गरज :

- १) भारतीय अर्थव्यवस्थेच्या प्रगती व विकासाच्या दृष्टीकोनातून वस्तू व सेवा कराची गरज अनन्यसाधारण आहे.
- २) केंद्र सरकारच्या उत्पन्नात वाढ होण्याच्या दृष्टीकोनातून व केंद्र सरकारचे राज्यांवरील वर्चस्व टिकविण्याच्या दृष्टीने वस्तू व सेवा कराची अमलबजावणी महत्वाची ठरते.
- ३) मूल्यवर्धित करांचे दर व नियम राज्यांमध्ये वेगवेगळे आहे. बऱ्याचदा गुंतवणूकदारांना आकर्षित करण्यासाठी या दरांमध्ये घट सुद्धा केली जायची. त्यामुळे राज्यांबरोबरच केंद्र सरकारच्या महसुलात घट व्हायची. त्यादृष्टीने वस्तू व सेवा कराचा अभ्यास महत्वाचा ठरतो.

### वस्तू व सेवा कराची वैशिष्टे :

- १) वस्तू व सेवा कर असा एक अप्रत्यक्ष कर आहे, की जो सर्व करांचे एकत्रीकरण असून 'एक देश, एक कर, एक बाजार' हे त्याचे वैशिष्टे आहे.
- २) वस्तू व सेवा कराचे चार प्रकार :
  - अ) राज्य वस्तू व सेवा कर - राज्य सरकारकडून वसुली
  - ब) केंद्र वस्तू व सेवा कर - केंद्र सरकारकडून वसुली
  - क) एकीकृत वस्तू व सेवा कर - केंद्र सरकारकडून वसुली
- ३) वस्तू व सेवा करांच्या दरांचे वर्गीकरण : ० %, ५ %, १२ %, १८ %, २८ %.
- ४) नुकतेच २८ % कर असलेल्या काही वस्तूंच्या करांचे दर दर आता १८ % करण्यात आले आहेत.
- ५) हॉटेल वरील वस्तू व सेवा कराचा दर आता १८ % ऐवजी ५ % करण्यात आला आहे.

### वस्तू व सेवा कराचे भारतीय अर्थव्यवस्थेवरील परिणाम :

#### अ) अनुकूल परिणाम :

- १) वस्तू व सेवा करांमुळे अनेक अप्रत्यक्ष कर कमी होऊन एका देशासाठी एकच एकच अप्रत्यक्ष कर अस्तित्वात राहिल.



- २) वस्तू व सेवांच्या किंमतीमध्ये घट होईल. त्यामुळे सर्वसामान्यांच्या वास्तव उत्पन्नात वाढ होईल.
- ३) यापूर्वी लागू असलेले असंख्य अप्रत्यक्ष कर एकाच म्हणजेच वस्तू व सेवा करांच्या अंतर्गत येत असल्यामुळे केंद्र व राज्य सरकारचे दडपण त्यामुळे कमी होईल.
- ४) वस्तू व सेवा कर हा इतर अप्रत्यक्ष करांसारखा विक्रीच्या प्रत्येक ठिकाणी आकारला जाणार नाही. त्यामुळे बाजारपेठेचा विकास होऊ शकेल.
- ५) भ्रष्टाचारमुक्त करपद्धती.
- ६) वस्तू व सेवा करामुळे उत्पादन खर्चात घट होईल. त्यामुळे वस्तू व सेवांच्या किंमतीत घट होईल.
- ७) चारचाकी सारख्या वस्तूंच्या उत्पादन खर्चात घट झाल्यामुळे त्यांच्या किंमतीत घट होईल.
- ८) वस्तू व सेवा करांमुळे भ्रष्टाचारचे प्रमाण कमी होऊन त्याचा अप्रत्यक्ष सकारात्मक परिणाम सर्वसामान्य लोकांवर परिणाम होणार आहे.
- ९) वस्तू व सेवा करामुळे राष्ट्रीय व आंतरराष्ट्रीय बाजारपेठेतील आपली उत्पादने स्पर्धेत सक्षमपणे टिकून राहू शकतील.
- १०) पारदर्शी करप्रणालीमुळे त्यांच्यावर प्रशासकीय नियंत्रण ठेवणे सोपे जाईल.
- ११) कर भरणे सोपे जाईल व कर भरण्याच्या, आकारण्याच्या पद्धतीमध्ये सुधारणा येईल.

#### ब) प्रतिकूल परिणाम :

- १) वस्तू व सेवा कर लागू झाल्यामुळे स्थावर मालमत्तेवर त्याचा विपरीत परिणाम होईल. घरांच्या किंमती १२ टक्क्यांवरून ८ टक्क्यांपर्यंत कमी होण्याची शक्यता आहे.
- २) वस्तू व सेवा कर आकारण्याची पद्धती चुकीची असून 'एक देश एक कर' या नावाखाली दोनदा या कराची वसुली केली जाते.
- ३) वस्तू व सेवा कराचा भारतीय अर्थव्यवस्थेवर अल्पकाळात व्यापक नकारात्मक परिणाम दिसून येण्याची शक्यता नाकारता येणार नाही.
- ४) सर्वसामान्यांवर या कराचे दुहेरी परिणाम होणार असून काही वस्तू जास्त महाग होणार आहेत. त्याचा त्यांच्या वास्तव उत्पन्नावर विपरीत परिणाम होईल.
- ५) बँकिंग, विमा, आरोग्य, शिक्षण, हॉटेल, मनोरंजन या सेवा महाग होणार आहेत.
- ६) नवीन कर असल्यामुळे समजायला उशीर लागेल, परिणामी त्याचे विविध परिणाम उद्योग जगतावर होतील.
- ७) वस्तू व सेवा कराच्या अंमलबजावणीमुळे वस्तू व सेवांच्या किंमतपातळीत वाढ होईल.
- ८) केवळ वर्धित मूल्यावर कर आकारला जाईल व अंतिम उपभोक्त्याला कराचे ओझे सहन करावे लागेल.

#### निष्कर्ष :

भारत सरकारने लागू केलेल्या वस्तू व सेवा करामुळे निश्चितपणे केंद्र सरकारच्या उत्पन्नात वाढ होऊ शकेल. केंद्र सरकारच्या स्वायत्ततेत वाढ होणार आहे. राज्यांचे महत्व कमी होईल. राज्यांना प्रत्येक वेळी सुविधांसाठी केंद्र सरकारकडे निधी माघावा लागेल. वस्तू व सेवा कराच्या अंमलबजावणीमुळे सर्वसामान्य लोकांच्या वास्तव उत्पन्नात जरी वाढ झालेली असली तरी काही वस्तूंसाठी त्यांना जास्त किंमत मोजावी लागणार आहे.



**शिफारशी :**

पेट्रोल व डिझेलच्या किमतीत होणाऱ्या वाढीमुळे सर्वसाधारण किंमतपातळीत वाढ होते. परंतु वस्तू व सेवा कर पेट्रोलिअम पदार्थांना लागू नाही. या पदार्थांवर हा कर लागू झाला तर पेट्रोलिअम पदार्थांवरील इतर अप्रत्यक्ष कर रद्द होऊन या पदार्थांच्या किंमतपातळीत घात होईल. त्याचा सकारात्मक परिणाम अर्थव्यवस्थेतील सर्वच क्षेत्रांवर होऊन उत्पादन खर्चात घट होईल. त्याचप्रमाणे शहर निहाय पेट्रोल व डिझेलचे दर देखील वेगवेगळे आहेत. वस्तू व सेवा कर जर लागू झाला तर देशात सर्व राज्यांमध्ये पेट्रोलिअम पदार्थांचे दर समान होण्यास मदत होईल. बऱ्याच व्यापारी बांधवांकडे दोन बिल पुस्तके असतात. पक्क्या विलामुळे वस्तू व सेवा कर लागू होईल, त्यामुळे वस्तू व सेवांच्या किमतीत वाढ होईल अशा प्रकारे ग्राहकांची फसवणूक होते. ही फसवणूक टाळण्यासाठी प्रयत्न करणे गरजेचे आहे. तसेच वस्तू व सेवा कराचा अंतिम भार ग्राहकावरच येऊन पडतो. हा कर व्यापाऱ्यांकडून वसूल होण्यासाठी उपाययोजना होणे गरजेचे आहे.

**संदर्भ :**

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## वस्तु व सेवा कर आणि शेती

**प्रा. डॉ. सुरेश चंद्रकांत मेहेत्रे**

बी. रघुनाथ महाविद्यालय, परभणी (महा) - ४३१४०१

मो. ८१४९०२३२६९

### गोषवारा :

देशाच्या आर्थिक प्रगतीसाठी आणि आर्थिक विकासाचा पाया मजबूत करण्यासाठी सामान्यापेक्षा वेगळा असा आकारण्यात आलेला कर म्हणजेच वस्तु आणि सेवा कर होय. आजपर्यंत जगातील १५० पेक्षा जास्त देशांनी वस्तु आणि सेवा कराची अंमलबजावणी केली असल्याचे दिसते. भारतीय अर्थव्यवस्थेचा शेती हा पाया आहे. आणि सकल राष्ट्रीय उत्पादनात शेतीचा वाटा १७.५ टक्के असल्याचे दिसते. ग्रामीण भागातील ५२% लोकांच्या उपजीविकेचे साधन हे शेती आहे. म्हणून भारतातील शेती क्षेत्रावर वस्तु आणि सेवा कराचा काय परिणाम झाला हे पाहणे महत्वाचे आहे. वस्तु आणि सेवा कराचा परिणाम शेतीवर धनात्मक आणि ऋणात्मक कशा पद्धतीने झाला हे पाहणे आवश्यक आहे. वस्तु आणि सेवा कराकडून आशी अपेक्षा आहे की, व्यापार पूरक वातावरण तयार करणे वस्तु आणि सेवांच्या किमती नियंत्रणात ठेवणे आणि चलनवाढ कमी करणे. भारतातील सर्व राज्यात एकच कराचा दर असावा आणि केंद्र व राज्य सरकारांच्या कर आकारणीत फरक पडू नये आणि **"एक कर एक देश"** हे ब्रीद वाक्य खरे ठरावे हे वस्तु व सेवा कराचे मुख्य उद्दिष्ट आहे.

### प्रास्ताविक :

भारतीय अर्थव्यवस्थेतील शेती, उद्योग आणि सेवा क्षेत्रांपैकी शेती हे महत्वाचे आणि निर्णायक क्षेत्र आहे. कारण शेतीचा विकास आणि वाढ हे लोकांचे जीवनमान, राहणीमान, रोजगार आणि अर्थव्यवस्थेला भरभराटी आणणारे क्षेत्र आहे. शेती आधारित उद्योग आणि शेतीविषयक सेवा ह्या शेतीच्या विकासावरच अवलंबून आहेत. भारतातील शेती क्षेत्रात अलीकडील काळात संरचनात्मक बदल घडून आल्याचे दिसून येत आहेत. सकल राष्ट्रीय उत्पादनात शेतीचा वाटा १९९०-१९९१ मध्ये ३०% होता तो २०१५-१६ मध्ये १७.४% झाल्याचे दिसून येते. कारण उद्योग आणि शेती क्षेत्राचा वाटा भारतीय अर्थव्यवस्थेत हळूहळू का होईना परंतू वाढत आहे. यावरून असे लक्षात येत आहे की भारतीय अर्थव्यवस्था ही परंपरागत शेती क्षेत्राच्या प्रभावाखालून निघून उद्योग आणि सेवा क्षेत्राच्या प्रभावाखाली येत आहे.

### वस्तु व सेवा कर आणि शेती क्षेत्र :

वस्तु आणि सेवा कराचे शेती क्षेत्रावर काही सकारात्मक तर काही नकारात्मक परिणाम होणार असल्याचे दिसत आहे. शेती वस्तूंच्या किमती कमी होत असताना दिसून येत आहे. कारण याआगोदर या शेती वस्तूवर विविध कर आकारले जात असत. उदा. राज्याचे कर, आंतरराज्य कर, देशांतर्गत कर, इ. वस्तु आणि सेवा कर हा **"एक देश एक कर"** या अंतर्गत येत असल्याने शेती व उद्योग क्षेत्राच्या बाजूने येत असल्याचे दिसून येत आहे. यामुळे असे लक्षात येते की शेती क्षेत्रातील दुध, चहा, यांसारख्या वस्तूंच्या किमती वाढत आहेत. ज्यामुळे शेतकऱ्यांना मोठा दिलासा मिळत आहे. यावरून असे म्हणता येईल की वस्तु आणि सेवा कराचा शेती क्षेत्रावर प्रत्यक्ष आणि अप्रत्यक्ष परिणाम होत असताना दिसत आहे.

वस्तु आणि सेवा कर म्हणजे सर्वसमावेशक असा अप्रत्यक्ष कर जो कायद्याने उत्पादन, विक्री आणि उपभोगल्या जाणाऱ्या वस्तु आणि सेवांवर लादलेला देशपातळीवरील कर होय. केंद्र सरकार, राज्य सरकार,



आणि स्थानिक स्वराज्य संस्था यांच्या वेगवेगळ्या आकारल्या जाणाऱ्या करांना एकत्रित करून असा एक अप्रत्यक्ष कर आकारला जाईल जो आगोदरच्या मूल्यवर्धित करप्रणालीला संपवून नवीन प्रणाली पद्धतीने आकारला जाईल. वस्तू आणि सेवा कर वरवर पाहता सर्वसमावेशक, सुसंगत किंवा अनुरूप सरळ साधी मेळ घालणारी आणि विकासाची दिशा दर्शवणारी अशी एक कर प्रणाली आहे. उपभोक्त्याच्या दृष्टीने विचार केल्यास वस्तूवरील कराचा बोजा कमी करून जो केंद्र, राज्य आणि स्थानिक स्वराज्य संस्था यांच्याकडून २५ ते ३० टक्के पर्यंत आकारला जात होता तो कमी करणे होय. वस्तू आणि सेवा कराचा मुख्य उद्देश म्हणजे “एक देश एक कर” आकारणे होय. एक देश एक कर ही प्रणाली आकारल्या नंतर देशातील चलन वाढ कमी होईल. यातून आपण एक अपेक्षा करूयात की कराचा दर उपभोग्य वस्तू जसे कृषी उत्पादने, औषधी हा कमी ठेवणे किंवा त्यांना सूट देणे होय. ज्यामुळे लोक आणि देशाप्रती एक सकारात्मक उर्जा निर्माण होईल.

### वस्तू आणि सेवा कराचा शेतकऱ्यांवरील वाढता दबाव :

शेती क्षेत्रातील हरित क्रांतीला जबाबदार घटकामधील पीक संरक्षण हा एक महत्वाचा घटक आहे. किटकनाशकांवर सरकारने आकारलेला १८% दर हा अधिकच असून तो आगोदरच कर्जाच्या बोजाखाली असलेल्या शेतकऱ्यांवर अन्यायकारक असल्याचे दिसते. शेती उत्पादनावर किटकनाशकांचा, शेती अवजारे, बी-बियाणे, उत्पादक यंत्रे यांचा परिणाम होत असतो. याचा परिणाम कृषी उत्पादनावर होतो. शेती उत्पादनाच्या किमती बाजारपेठेच्या दबावतंत्रावर अवलंबून असतात. वस्तू आणि सेवा कर कृषी आदनांवर लादल्यामुळे त्याचा परिणाम शेतीमाल किमतीवर होत असतो. आगोदरच शेतकरी कर्जाच्या विळख्यात अडकलेला आहे आणि त्यात वस्तू आणि सेवा कर आकारल्याने त्याच्यावरचा दबाव आणखी वाढत असल्याचे दिसून येते. शेती उत्पादनाच्या किमती वाढल्या की सामान्य माणसावर त्याचा परिणाम झाल्याचे दिसते. म्हणून शेतीला संरक्षण देणाऱ्या उत्पादनावरील वस्तू व सेवा कर जो १८% आहे तो कमी करायला हवा.

शेतीमालावर वस्तू व सेवा कर आकारल्यामुळे त्याचा अप्रत्यक्ष परिणाम देशातील गरीब जनतेवर होतो. भारतीय अर्थव्यवस्थेचा पाया शेती असला तरी त्याला अग्रक्रम शासनाला द्यावाच लागतो. या अन्नधान्यामध्ये दाळी, कडधान्ये, दुध उत्पादने आहेत त्यांना केंद्राच्या मूल्यवर्धित करातून सूट मिळाली होती. परंतू राज्याच्या मूल्यवर्धित करात या वस्तूवर ४% कर आकारला जात होता. परंतू वस्तू व सेवा करातून सरकारने कंत्राटी शेती, दुग्ध व्यवसाय, बीज उत्पादने, फळ प्रक्रिया उद्योग यांना सवलत दिल्यामुळे सर्वसामान्यांना याचा फायदा होत असल्याचे दिसते. म्हणून वस्तू व सेवा कराचा धनात्मक परिणाम शेतमाल विक्री व्यवसाय आणि शेतीवर होणार असल्याचे दिसणार आहे.

वस्तू आणि सेवा कर पारदर्शकतेसाठी, काळासाठी आणि खरेपणासाठी जरी आवश्यक असला तरी उत्पादन आणि उपभोगासाठी आवश्यक असलेली साखळी पूर्ण करण्यासाठी आवश्यक आहे. शेती उत्पादन करण्यासाठी आवश्यक असणारी मोठी यंत्रे, दुग्ध व्यवसाय, कुक्कुट पालन, इ.व्यवसाय शेती कक्षाच्या बाहेर ठेवल्याने त्यावर वस्तू व सेवा कर लादणे आवश्यक आहे. परिणामी एकच कर लादल्याने शेतकऱ्यांना त्यांची उत्पादकता योग्य अशा किमतीला विक्री करता येणार असल्याने त्यांना भविष्यकाळात वस्तू व सेवा कराचा फायदाच होणार आहे.

### सारांश :

वस्तू आणि सेवा कराच्या अंमलबजावणीमुळे शेती क्षेत्रावर काय परिणाम होतील हे सारांशरूपाने खालीलप्रमाणे सांगता येईल.



- १) वस्तू आणि सेवा करच्या शेती क्षेत्रामध्ये आकारणीमुळे शेती उत्पादन आणि विक्री व्यवस्थेला उत्तेजन मिळेल तसेच विविध कर सोडून एकच विशिष्ट नियमाने लावलेला कर आकारल्यामुळे कृषी उत्पादने ही सर्वत्र आणि सहज उपलब्ध होतील.
- २) देशांतर्गत राज्यांमध्ये शेती उत्पादनाच्या व्यापारात जे विविध कर, परवाने, परवानगी, विविध राज्यांकडून घ्यावी लागत असे. ती वस्तू आणि सेवाकरामुळे नाहिशी होईल आणि सर्व राज्यांत सारख्या दरामध्ये वस्तू उपलब्ध होतील.
- ३) वस्तू आणि सेवा कर आकारणीमुळे शेती उत्पादनासाठी आवश्यक असणारी शेती अवजारे लहान आणि सीमांत शेतकऱ्यांना सहजपणे उपलब्ध होतील.
- ४) शेती उत्पादने विविध करामुळे विषमता दर्शवित होते परंतु वस्तू व सेवाकरामुळे म्हणजेच एक देश एक कर यामुळे राष्ट्रीय शेती उत्पादन बाजारपेठेत व्यापारी आणि शेतकऱ्यांना योग्य असा शेतमाल हमी भाव मिळेल.

थोडक्यात वस्तू आणि सेवा करच्या शेती क्षेत्रातील अंमलबजावणीच्या सकारात्मक आणि नकारात्मक परिणामांचा विचार करता असे म्हणता येईल की, चहा, दुध आणि कृत्रिम खते, यांच्यावर वस्तू व सेवा कर आकारला तर त्यांच्या किमती मोठ्या प्रमाणात वाढतील व याचा उपभोक्त्यावर विपरीत परिणाम होईल. दुसरी बाजू विचारात घेता कृषी उत्पादनांच्या किमतीमध्ये जी विविधता होती ती वस्तू व सेवा कर आकारणीमुळे शेतकरी आणि व्यापारी यांना फायदेशीर ठरणार आहे. कारण ते आपला शेतमाल देशात कोणत्याही ठिकाणी विक्री करू शकणार आहेत.

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## वस्तू व सेवा कर— एक अभ्यास

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२. श्रीमती कुसुमताई राजारामबापू पाटील कन्या महाविद्यालय, इस्लामपूर. जि. सांगली, मो. ९४२१०४८९००

### प्रस्तावना—

सार्वजनिक महसूलाचे एक महत्वाचे आणि खात्रीचे साधन कर हे असते. कारण एकूण सार्वजनिक उत्पन्नातील करांचा हिस्सा अधिक असतो. त्याबरोबरच करांचे स्वरूप जसे की, प्रत्यक्ष आणि अप्रत्यक्ष यांचाही परिणाम अर्थव्यवस्थेच्या आर्थिक विकासाबरोबरच लोकांच्या जीवनमानावर आणि सार्वजनिक कल्याणावर ही होत असतो. त्यामुळेच भारतात स्वातंत्र्योत्तर काळात अनेक कर विषयक सुधारणा करण्यात आल्या आणि त्यांची गती आणि व्याप्ती १९९१ नंतर वेगाने वाढत आहे. केंद्र सरकारने १ जुलै २०१७ पासून वस्तू आणि सेवा कर लागू केला आहे ही खुप महत्वाची किंबहुना क्रांतीकारक कर सुधारणा आहे. भारतात वस्तू व सेवा कर प्रणालीची अंमलबजावणी १ जुलैपासून होत आहे. 'एक देश एक कर' हे उद्दीष्ट लक्षात घेवून करण्यात आलेला स्वातंत्र्योत्तर काळातील अप्रत्यक्ष कर प्रणालीमधील हा सर्वात मोठा व महत्वाचा बदल आहे या बदलामुळे भारतीय अर्थव्यवस्थेवर दुरगामी व सकारात्मक बदल होणार आहेत. एकसंघ बाजारपेठ निर्माण करून व्यापार तसेच उद्योगास चालना देणारी वस्तू व सेवा करप्रणाली अंगीकृत करण्याचा निर्णय केंद्र शासन व सर्व राज्यशासन तसेच केंद्रशासित प्रदेशांनी सर्वसंमतीने घेतला आहे.

### उद्दिष्टे —

१. वस्तू व सेवाकराची संकल्पना समजावून घेणे.
२. कराच्या रचनेतील बदलांचा अभ्यास करणे.
३. वस्तू व सेवाकराचे फायदे व तोटे अभ्यासणे.

### संशोधन पध्दती —

हा शोधनिबंध दुय्यम स्रोतांवर आधारित आहे. वस्तू व सेवा कराची माहिती संकलीत करण्यासाठी संदर्भ पुस्तके, आग्रलेख, दैनंदिन वर्तमानपत्रे, पुस्तके, इंटरनेट इत्यादींचा अवलंब केला आहे.

करात सुसूत्रता आणण्यासाठी केंद्रसरकारने नव्याने आणलेला वस्तू सेवा कर म्हणजेच जी.एस.टी. किती उपयुक्त आहे हे तपासण्यासाठी सद्या प्रचलित असलेल्या करांच्या रचनेवर नजर टाकली तर याची खात्री पटू शकते. भारतीय अर्थव्यवहारात सद्या जी कर प्रणाली राबविली जाते आहे यामध्ये केंद्र शासनाच्या वतीने आकारण्यात येणा—या उत्पादन शुल्क, अतिरीक्त उत्पादन शुल्क, सेवाकर आणि अधिभार व उपकर या चार करांना आता वस्तू व सेवा कर हा एकच पर्याय आला आहे. तर राज्य पातळीवर सद्या अस्तित्वात असलेले एक करांचे बंडलच एस.जी.एस.टी च्या रूपाने संपुष्टात आले आहे. या बंडलामध्ये मुल्यवर्धीत कर, खरेदीकर, करमणूक व मनोरंजन कर, जाहीरात कर, ऐषोआराम कर, जकात, एल.बी.टी व इतर प्रवेश कर, लॉटरी, बेटींग व गॅम्बसिंग कर आणि आधिभार व उपकर असे सुमारे १० हून अधिक कर अस्तित्वात होते याखेरीज आंतरराज्य व्यवहारासाठी केंद्रीय विक्रीकर, सी.व्ही.डी व एस.ए.डी असे कर आकारण्याची पध्दत रूढ होती. हे तीन कर आता आय.जी.एस.टी या पर्यायाने संपुष्टात येणार आहेत.



भारतात जी.एस.टी चा अंमल सुरु झाल्यानंतर केवळ एकच कर अस्तित्वात राहणार आहे अशातील भाग नाही. व्यवहारासाठी उपयुक्त असा वस्तू व सेवा कर हा एकमेव कर असला तरी वस्तू व सेवा करामध्ये समाविष्ट न होणारे काही कर आहेत. याचीही माहिती करून घेणे आवश्यक आहे. वस्तू व सेवाकरामध्ये समाविष्ट न होणा—या करात केंद्रीय पातळीवरील सीमाशुल्क, अॅटी डम्पिंग शुल्क, शेफगार्ड शुल्क आणि निर्यातशुल्क या करांचा जी.एस.टी मध्ये समावेश नाही. तसेच राज्य पातळीवर रस्ता व प्रवासी कर, टोल कर, मालमत्ता कर, वीज शुल्क आणि मुद्रांक कर व नोंदणी शुल्क या करांना जी.एस.टी मधून वगळण्यात आले आहे. स्वाभाविकतः नागरीकांवर जी.एस.टी वरील कराची आकारणी चालूच राहणार आहे.

### वस्तू व सेवाकर प्रणालीची आवश्यकता—

सद्य परिस्थितीत अप्रत्यक्ष करप्रणालीमध्ये करांवर कराची आकारणी केली जाते. उदा. केंद्रशासनाद्वारे उत्पादित वस्तूंवर लावण्यात येणा—या केंद्रीय उत्पादन शुल्कावर विक्रीकराची आकारणी होते यालाच करावर कर म्हणजेच कॅसकेडींग ऑफ टॅक्स असे म्हणतात. मुल्यवर्धित कराचा महाराष्ट्र राज्य शासनाने दिनांक १ एप्रिल २००५ रोजी अवलंब केला. मुल्यवर्धित कर प्रणालीचा पुढील भाग म्हणजे सर्व अप्रत्यक्ष करासंदर्भात एकत्रित कर पध्दतीचा अवलंब करणे आवश्यक आहे. अप्रत्यक्ष कर केंद्र शासन आणि राज्य शासनाद्वारे लावले जातात आणि यामध्ये सद्य परिस्थितीत खालिल प्रमाणे त्रुटी आहेत व त्या त्रुटी वस्तू व सेवा कर प्रणालीद्वारे दुरुस्त होणार आहेत.

- मुल्यवर्धित कर राज्य शासनामार्फत व उत्पादन शुल्क, सेवाकर हे केंद्र शासनामार्फत आकारले जातात. सदर करांची आकारणी राज्य व केंद्र शासनामार्फत स्वतंत्रपणे होत असल्याने एका कराची वजावट दुसरा कर भरताना दिली जात नाही.
- सद्य परिस्थितीमध्ये उत्पादित मालावर केंद्रीय उत्पादन शुल्क लागू होते. व त्यावर मुल्यवर्धित कर आकारला जातो त्यामुळे करावर कराची आकारणी होवून कराचा बोजा वाढतो. वस्तू व सेवा मध्ये करावर कर नाहीसा होणार असल्याने कराचा बोजा कमी होईल.
- सद्य परिस्थितीत केंद्रीय विक्रीकर कायदा अस्तित्वात आहे. या कायदानुसार आंतरराज्यीय माल विक्रीवर ज्या राज्यातून मालाची विक्री झाली त्या राज्यातून २ टक्के केंद्रीय विक्रीकर लावला जाते. परंतु ज्या राज्यामध्ये वस्तूची खरेदी झाली आहे त्या राज्यामध्ये आकारण्यात आलेल्या केंद्रीय विक्रीकराची वजावट मिळत नाही. कराची वजावट मिळत नसल्यामुळे कराचा भाग हा मुळ किमतीत मिळून किंमत वाढते. वस्तू व सेवा करांतर्गत केंद्रीय विक्रीकर कायदा जी.एस.टी च्या बाहेर असणा—या सहा वस्तू व्यतीरिक्त केला जाईल.

अवाजवी कर गुंता टाळून सुटसुटीतपणा आणणारा हा एक सामाईक, किंबहुना एकमेव अप्रत्यक्ष कर संपूर्ण देश स्तरावर सारख्याच दराने लागू होईल. वस्तू व सेवाकर लागू झाल्यावर तो इतर सर्व करांची जागा घेईल. थोडक्यात सद्या विविध कर आकारले जातात त्यामुळे हे सर्व कर एका छत्राखाली आणून कररचना सुटसुटीत करण्याच्या दृष्टीने वस्तू व सेवा करप्रणाली आवश्यक आहे.

### वस्तू व सेवाकराचे फायदे:—

१. कर चुकवेगिरीला आळा— मुख्यत्वे वस्तू व सेवा कराची रचनाच अशी आहे की, या साखळीतून कोणीही सुटू शकणार नाही. त्यामुळे कर चुकवेगिरीला आळा बसणार आहेच; शिवाय देशात कर



आकारणीत मोठ्या प्रमाणात व्यावसायिक सुसूत्रता येणार आहे. याचा फायदा सरकारचे महसूली उत्पन्न वाढण्यात होईल. साहजिकच सरकारकडे विकास कामांवरील खर्चासाठी आधिक निधी उपलब्ध होवू शकेल.

२. **काळ्या पैशाचे व्यवहार रोखता येतील—** वस्तू व सेवा कामुळे काळ्या पैशाचे व्यवहार रोखता येतील याचे कारण ऑनलाईन फायलिंग मध्ये कोणतीही गडबड करणे शक्य होणार नाही. तसेच चुकीच्या बँक खात्याचे प्रयत्न अयशस्वी ठरतील. रिटर्न फायलमध्ये बदल करणे शक्य होणार नाही. तसेच तपासणीच्या दुहेरी व्यवस्थेमुळे व्यवहारांवर चोख नजर राहिल. यामुळे काळ्यापैशाचे व्यवहार करणे शक्य होणार नाही.
३. **शिक्षण आणि आरोग्य करमुक्त—** सरकारने या कर प्रणाली प्रमाणे अनेक वस्तू आणि सेवांवर विविध कर आकारले असले तरी शिक्षण आणि आरोग्य या महत्वांच्या सेवांना कर मुक्त करण्यात आले आहे. म्हणजेच या दोनही क्षेत्रांची सेवा घेणा—या ग्राहकांना या सेवांबद्दल कोणताही कर भरावा लागणार नाही.
४. **महसूलात वाढ—** वस्तू व सेवा करामुळे कर आणि वाहतूक खर्च कमी झाल्यामुळे तयार वस्तूंच्या किमती कमी होतील त्यामुळे देशांतर्गत उत्पादन वाढीस चालना मिळेल व महसूलात वाढ होईल.
५. **छोट्या उद्योगांना फायदा—** वस्तू व सेवा करप्रणाली पारदर्शक तर आहेच तसेच करांवरील कर कमी झाल्याने उत्पादन खर्चात कपात होणे शक्य आहे.
६. **वस्तू की सेवा हा वाद संपुष्टात येण्यास मदत—** वस्तू व सेवा करामुळे सोपी व सुटसुटीत कर प्रणाली तर उपलब्ध होईलच शिवाय यापुढे वस्तू की सेवा हा गेले काही वर्ष व्यापारात सुरू असणारा वाद संपुष्टात येणार आहे.
७. **भारत सरकारमार्फत उद्योग जगतामध्ये क्रांती घडविण्यासाठी मेक इन इंडिया, स्मार्ट सिटीज आणि स्टार्ट अप इंडिया यांसारख्या योजनांना वस्तू व सेवाकर प्रणालीचा अंमल अतिशय पुरक ठरणार आहे.**
८. **सामाईक बाजारपेठेच्या निर्मितीस मदत—** एकाच कराच्या सुलभतेने निर्यातीमध्ये सुधारणा होवू शकते आणि एक देश एक कर या संकल्पनेने राज्या राज्यांच्या सीमा पुसल्या गेल्याने राष्ट्रीय पातळीवरील एक सामाईक बाजारपेठ निर्माण होण्यास वस्तू व सेवाकरामुळे मदत होणार आहे.
९. **व्यापा—यांचा आर्थिक लाभ—** जी.एस.टी मुळे व्यापा—यांना अनेक करांऐवजी एकच कर द्यावा लागणार आहे. आजपर्यंत करावर कर लावण्याची जी पध्दत (कॅसकेडींग इफेक्ट) व्यवस्थेत रूढ होती. त्याला मुक्तता मिळणार असल्याने व्यापा—यांचा आर्थिक लाभ होणार आहे.
१०. **सोपी व सुटसुटीत करप्रणाली—** ग्राहकांसाठी वस्तू व सेवा करप्रणाली ही एक सोपी व सुटसुटीत कर प्रणाली असणार आहे. या कर प्रणालीत करावरील कर ही पध्दत बंध होते त्यामुळे वस्तू व सेवांचा उत्पादन खर्च मोठ्या प्रमाणात कमी होईल त्यामुळे वस्तू स्वस्त होवून ग्राहकांचा दिर्घकालीन फायदा होवू शकतो. शिवाय हा कर संपूर्ण देशासाठी एकच असल्यामुळे एकाच वस्तूची सर्व देशभरात एकच किंमत राहणार आहे. परीणामतः दरातील असमानता दूर झाल्याने ग्राहकांचा फायदा होईल. विशेष म्हणजे एका ठराविक राज्यावर अवलंबून राहण्याची गरज भासणार नाही.

**वस्तू व सेवाकराचे तोटे—**

१. **मोठ्या व्यापा—यांना मारक—** वस्तू व सेवा करामुळे सर्वांत वाईट अवस्था आहे ती फेरी विक्री करणा—या छोट्या व्यापारी वर्गाची. आजपर्यंत हा वर्ग महाराष्ट्र मुल्यवर्धित कर कायदा २००२ साली नोंदीत होता बहुतांशी व्यापारी तिमाही रिटर्न दाखल करत असत. आता वस्तू व सेवा करामुळे या व्यापा—यांनी मासिक रिटर्न दाखल करावा लागले. यातील बरेच व्यापारी संगणीकृत हिशोब ठेवत नाहीत. नवीन कायद्याखाली संगणीकृत नसणा—या व्यापा—यांना पुर्तता करताना खुपच अडचणी येण्याची शक्यता आहे.
२. **शेतीच्या उत्पादन खर्चात वाढ—** वस्तू व सेवा करामुळे शेतीचा उत्पादन खर्च वाढणार आहे. वस्तू व सेवाकर आमलात आल्यानंतर शासकीय अनुदाने पूर्वीप्रमाणे दिली जातील परंतु वस्तू व सेवा करामुळे शेती आदानावरील (खते, अवजारे इत्यादी) करात वाढ झाल्याने शेतमालाच्या उत्पादन खर्चात वाढ होणार आहे. वाढलेल्या उत्पादन खर्चाच्या प्रमाणात बाजारात वाढीव किंमत मिळाली नाही तर वस्तू व सेवाकरामुळे शेतमालासाठी देशव्यापी बाजारपेठ निर्माण झाली तरीसुद्धा सामान्य शेतक—याला त्याचा लाभ होणे तसे कठीणच आहे.
३. वस्तू व सेवाकरात १८ टक्क्यांची मर्यादा घालण्याचे ठरविलेले आहे पण ती मर्यादा वाढणार नाही. असे अश्वासन देण्यात आलेले नाही त्यामुळे ही कर मर्यादा वाढू शकते सद्या ज्या वस्तू आणि सेवांवर १८ टक्क्यांपेक्षा कमी कर आहेत त्या वस्तूंना विधेयक कायद्यात रूपांतरित झाल्यापासून लगेच १८ टक्क्यांवर नेण्यात येईल. त्यामुळे सिनेमाची तिकीटे, खाद्यान्न महाग होतील.
४. **रिअल इस्टेट क्षेत्राला तोटा—** रिअल इस्टेट क्षेत्राला मोठा फटका बसेल नव्या घरांच्या किमती ८ टक्क्यांनी वाढतील त्यामुळे फ्लॅटला कोणी खरेदीदार मिळाला नाही तर बिल्डर अडचणीत येवून मजुरापासून ते तंत्रज्ञापर्यंत बेकारी वाढेल.
५. **केंद्र आणि राज्याचे संबंध—** केंद्र आणि राज्य यांचे संबंध भडकू शकतील.केंद्राचा जी.एस.टी आणि राज्याचा जी.एस.टी स्वतंत्र असेल अशी तरतूद आहे पण त्यातील जमा होणारा महसूल राज्याच्या उत्पन्नाचा मुख्य स्रोत त्यातून नाहीसा होईल. त्यामुळे विकास कामांना पैसा उपलब्ध हाणार नाही.

**वस्तू व सेवाकरामधील बदल—**

छोट्या आणि मध्यम व्यवसाईकांसाठी वस्तू व सेवाकरांच्या दरात व्यापक बदल करण्याची गरज आहे असे मत महसूल सचिन हसमुख अढिया यांनी मांडले. १ जुलै पासून जी.एस.टी ची अंमलबजावणी सुरू झाली आहे या काळात आक्टोंबर २०१७ ला सरकारने व्यापा—यांच्या व सामान्य नागरीकांच्या अडचणी दूर करण्यासाठी त्यात काही बदल केले आहेत. आतापर्यंत सुमारे १०० वस्तूवरील करांच्या दरात बदल केले आहेत. तसेच कॉम्पोझिशन योजनेअंतर्गत व्यापा—यांना कर भरण्यायोग्य किमान वार्षिक उलाढालीची मर्यादा ७५ लाखांवरून १ कोटी रूपयांवर आणण्यात आली याशिवाय वार्षिक १.५० कोटी रूपयांपर्यंत उलाढाल असणा—या लहान व्यापा—यांसाठी दर महिन्याला कर विवरण पत्रे भरण्याऐवजी ती तीन महिन्यांतून एकदा भरण्याची सवलत देण्यात आली आहे.

वस्तू व सेवाकर या परिषदेच्या बैठकित काही वस्तूवरील कराचे दर कमी करण्यात आले आहेत. यात वाळलेला आंबा १२ टक्केंवरून ५ टक्के, हातमाग सूत १८ टक्क्यांवरून १२ टक्के ब्रॅड रहीत आयुर्वेदिक औषधे १२ टक्क्यांवरून ५ टक्के, स्टेशनरी २८ टक्क्यांवरून १८ टक्के, खाकरा १२ टक्केंवरून



५ टक्के, डिझेल इंजिन २८ टक्केवरून १८ टक्के यांचा समावेश आहे. १० नोव्हेंबर २०१७ रोजी गोहाटी आसाम येथे झालेल्या बैठकीत फक्त पन्नासच वस्तू अठठावीस टक्के दरात असतील आणि इतर १७८ वस्तू १८ टक्के दरात स्थलांतरीत केल्या. याबरोबरच १३ वस्तू १८ टक्क्यांतून १२ टक्क्यांत तर ८ वस्तू १२ टक्क्यांवरून ५ टक्के आणि ६ वस्तू ५ टक्केतून शुन्य टक्क्यांवर नेण्यात आल्या आहेत. यावरून हे स्पष्ट हाते की आपली आपली अप्रत्यक्ष कर व्यवस्था फक्त एक कराची, साधीसोपी, सुटसुटीत, मितव्यय आणि कार्यक्रम तर होणारच असे वाटते.

#### सारांश—

भारतीय कर प्रणाली जगाच्या कर प्रणालीशी सुसंगत झाली. अनेक कर जावून त्याजागी एकच कर आला. विक्रीकर, अबकारी कर, जकात कर हे एकाच करात समाविष्ट झाले. वस्तू आणि सेवा कर एकाच कर प्रणालीखाली आणणे ही गोष्ट सुरुवातीला नागरीकांना पचनीपडायला अवघड आहे. अल्पकाळात या कर प्रणालीचे फारसे चांगले परिणाम दिसत नसले तरी दिर्घकाळासाठी ही प्रणाली फायदेशीर आहे.

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## वस्तू व सेवा कर — एक देश एक कर

प्रा. समाधान पुंजाराम सूर्यवंशी

के.ए.ए.एन.एम.एस. आर्ट्स, कॉमर्स आणि सायन्स कॉलेज

सटाणा, ता. बागलाण (नाशिक)

### प्रस्तावना

जगात सर्व प्रथम वस्तू व सेवा कर (जीएसटी) ही कल्पना जर कोणी मांडली असेल तर जर्मन या देशाने, ती कल्पना जर्मन या देशाने सन १८५८ मध्ये मांडली. परंतू प्रत्यक्षात या कराची अंमलबजावणी सन १९५४ साली फ्रान्स या देशात करण्यात आली.

करचूकवेगिरीला आळा घातला जावा म्हणून सर्वप्रथम या कर सुधारणेला सुधारित धोरणत्मक निर्णय होण्यास साहस सर्वप्रथम केले असेल तर फ्रान्स या देशाने, ही सुधारणा फ्रान्स या देशाने सन १९५४ मणसे केली होती.

भारतात १ जुलै २०१७ पासून वस्तू व सेवा कर लागू करण्यात आला. भारतातील अप्रत्यक्ष करांचे दर व संख्या जास्त आहे. ती अप्रत्यक्ष कर रचना सुरळीत करण्यासाठी 'एक देश एक कर' हा नवीन कर प्रस्ताव म्हणजेच वस्तू व सेवा कर—जीएसटी (GOODS & SERVICES TAX-GST) स्वीकार करण्यात आला. कारण योग्य कर धोरण ही कोणत्याही देशाच्या मजबूत प्रशासन, आर्थिक विकास आणि शाश्वत विकासाच्या दृष्टीने महत्त्वाचे मानले जाते. कारण सुलभ कर रचना शाश्वत विकासासाठी किती महत्त्वाची भूमिका बजावू शकते यासाठी इतिहासाचे अनेक उदाहरणे सुध्दा देता येतील. कारण इतिहासात आपण ज्या अनेक राज्यकर्त्यांचा उल्लेख करतो, त्या राजकर्त्यांनी आपल्या शासन काळात या राज्यकर्त्यांनी आपली महसूल संकलनाची कार्यक्षम यंत्रणा उभी केल्याचे आपणास दिसून येईल. उदा. मौर्य, गुप्त, अकबर इत्यादी.

कर हा प्रत्यक्ष देशाच्या आर्थिक आणि शाश्वत विकासाचा महत्त्वाचा स्रोत मानला जातो. त्यामुळे ही कर रचना सुलभ व्हावी, कार्यक्षम व्हावी आणि या कररचनेपासून देशाची सामाजिक उद्दिष्टे व आर्थिक उद्दिष्टांना चालना मिळणे आवश्यक असेल.

### व्याख्या

“जीएसटी ही एक मालाच्या किंवा सेवेच्या विक्रीवर कर लावण्याची एक कर प्रणाली आहे. म्हणून आपण तिला वस्तू व सेवा कर (GOODS & SERVICES TAX-GST) असे म्हणतो.”

### शोधनिबंधाची उद्दिष्टे

१) वस्तू व सेवा करांचा अभ्यास करणे.



२) वस्तू व सेवा करांचे स्वरूप अभ्यासणे.

३) वस्तू व सेवा कर प्रणालीचे प्रमुख वैशिष्ट्ये अभ्यासणे.

### माहिती संकलन

प्रस्तूत शोधनिबंधासाठी दुय्यम माहिती स्रोतांचा उपयोग करण्यात आला आहे. या स्रोतांमध्ये प्रामुख्याने संदर्भग्रंथ, शोधनिबंध, पुस्तक, मासिक आणि इंटरनेट या माध्यमांचा आधार घेण्यात आला आहे. संकलित केलेल्या माहितीच्या प्रस्तूतीसाठी विश्लेषण तंत्राचा उपयोग करण्यात आला आहे.

### वस्तू व सेवा कराचे स्वरूप

वस्तू व सेवा कर देशपातळीवरचा एकच सर्वसमावेशक कर आहे. वस्तू व सेवा कर हा अप्रत्यक्ष स्वरूपाचा कर आहे. अनेक प्रकारच्या अप्रत्यक्ष करांचा समावेश एकच स्वरूपाच्या करामध्ये झालेला आहे. वेगवेगळ्या प्रकारचे जे अप्रत्यक्ष कर होते उदहरणार्थ मध्यवर्ती उत्पादन शुल्क, सीमा शुल्क, सेवा कर, मूल्यवर्धित कर (व्हॅट—राज्यांतर्गत विक्री कर), केंद्रिय विक्री कर (आंतरराज्य विक्री कर) या सर्व प्रकारच्या अप्रत्यक्ष करांऐवजी आता एक स्वरूपाचा कर म्हणजे एक देश, एक कर असणार आहे. जवळपास सर्वच प्रकारच्या वस्तू व सेवांवर हा कर आकारला जाणार आहे किंवा आकारला जातो आहे. केंद्र व राज्यपातळीवर सर्व प्रकारचे अप्रत्यक्ष कर आकारले जात होते ते सर्व कर रद्द होऊन त्याऐवजी एकच वस्तू व सेवा कर जीएसटी आकारला जात आहे. या वस्तू व सेवा कराची विभागणी तीन भागांत करण्यात येते.

### १) केंद्रिय वस्तू व सेवा कर—सीजीएसटी (CENTER GOODS & SERVICES TAX-CGST)

केंद्रिय वस्तू व सेवा करामध्ये केंद्रिय अबकारी कर, सेवा कर, अतिरिक्त अबकारी कर, अतिरिक्त सीमा शुल्क, अधिभार व उपकर हे सर्व वर्ग केले जातील. या सर्व करांचा एकत्र समावेश सीजीएसटी मध्ये केला आहे. या करापासून मिळणारे उत्पन्न प्रामुख्याने केंद्र सरकारचे असेल.

### २) राज्य वस्तू व सेवा कर (STATE GOODS & SERVICES TAX-SGST)

राज्य वस्तू व सेवा करांचे उत्पन्न प्रामुख्याने राज्य सरकारला मिळेल. या करामध्ये राज्य व्हॅट, विक्री कर, करमणूक कर (स्थानिक स्वराज्य संस्थांचा वगळून), जकात कर, प्रवेश कर, लॉटरी, जुगार व सट्टयावरील कर, विजेवरील कर, लकडारी कर, राज्य अधिभार व उपकर इत्यादी कर आता राज्य वस्तू व सेवा करामध्ये वर्ग करण्यात आले आहेत.

### ३) आंतरराज्य वस्तू व सेवा कर (INTEGRATED GOODS & SERVICES TAX-IGST)

आंतरराज्य कर म्हणजे एका राज्यातून दुसऱ्या राज्यात होणाऱ्या विक्रीवरील जो कर असतो. तो कर यामध्ये समावेश होत असतो. आता या करापासून मिळणारे उत्पन्न केंद्र सरकारकडे जमा होईल. या कराची विभागणी केली जाईल.



## जीएसटी (वस्तु व सेवा कर) प्रणालीचे प्रमुख वैशिष्ट्ये

१. एक देश, एक कर या कराचे हे प्रमुख वैशिष्ट्य कर आहे. सर्व प्रकारच्या अप्रत्यक्ष करांचा समावेश हा एका करामध्ये म्हणजेच वस्तु व सेवा करामध्ये करण्यात आला आहे.
२. जीएसटी कर हा संपूर्ण देशभर असून त्यामध्ये जम्मू आणि काश्मीर या राज्याचा सुध्दा समावेश करण्यात आला आहे.
३. जीएसटी हा वस्तु व सेवेच्या पुरवठ्यावर लागू करण्यात आला आहे.
४. सध्याचा जीएसटी हा मूळ ठिकाणावर आधारित (origin based) कररचनेच्या तत्वाच्या ऐवजी गंतव्य ठिकाण (destination based) उपभोगावर आधारित कररचनेच्या तत्वावर आधारित राहिल. म्हणजेच ज्या ठिकाणी वस्तु किंवा सेवेचा उपभोग घेतला जातो त्यावर आधारित कर लावला जाणार आहे. मूळ ठिकाणाच्या (origin based) कर व्यवस्थेवर आधारित कर हा वस्तु व सेवा जिथे उत्पादित होतात तेथे लावला जात असतो.
५. पूर्वी माल आयात करताना जो सीमा शुल्क आकारला जात होता. तो आता सीमा शुल्काऐवजी आयजीएसटी आकारला जाणार आहे.
६. आयजीएसटी, सीजीएसटी, एसजीएसटी/युटीजीएसटी हे केंद्र व राज्य सरकारच्या जीएसटीच्या मंडळाच्या अंतर्गत व एकमेकांच्या सुसंगत दराने आकारले जातील.
७. वस्तु व सेवा करांच्या अंतर्गत चार प्रकारच्या कर रचनेची विभागणी करण्यात आली आहे. ५ टक्के, १२ टक्के, १८ टक्के आणि २८ टक्के असे असणार आहेत.
८. मानवी घटकांकडून जो अल्कोहोलच्या स्वरूपात सेवन केला जाणारा घटक हा जीएसटीच्या कक्षेबाहेर ठेवण्यात आला आहे.
९. सध्याच्या परिस्थितीत पाच पेट्रोलियम उत्पादने (कच्चे तेल, पेट्रोल, डिझेल, एटीएफ आणि नैसर्गिक वायू) या घटकांना जीएसटी च्या कक्षेबाहेर ठेवण्यात आले आहे. जीएसटी मंडळाने शिफारस केल्यानंतर ते जीएसटी च्या आणता येतील.
१०. विवरणपत्रांचे इलेक्ट्रॉनिक दाखलीकरा वेगवेगळ्या ठिकाणी वेगवेगळ्या व्यक्तीकडून केले जाऊ शकते.
११. करदात्याला कर भरण्यासाठी विविध पध्दती उपलब्ध असून त्या पध्दतीचा वापर करताना कर भरण्यासाठी करू शकतो. उदा. इंटरनेट बँकिंग, डेबिट/क्रेडिट कार्ड, नॅशनल इलेक्ट्रॉनिक फंड्स ट्रान्सफर आणि रियल टाइम ग्रॉस सेटलमेंट यांचा उपयोग कर भरण्यासाठी कर दात्याला होऊ शकतो.
१२. करदात्याला कराची रक्कम द्यावयाची असल्यास त्याने जो कर भरला असेल त्या कर भरण्याच्या दिवसापासून दोन वर्षांच्या आत त्याला मागणी करता येऊ शकते.



१३. नोंदणीकृत व्यक्तींनी देय असलेल्या करांबाबत स्वमूल्यांकनाची तरतूद पुरवण्यात आली आहे.
१४. या वस्तू व सेवा कायद्यात नफेखोरी विरोधात कलमाचीही तरतूद करण्यात आली आहे.
१५. या कायद्यात विस्तृत संक्रमक तरतूदींचा समावेश करण्यात आला आहे. ज्याचा फायदा विद्यमान करदात्यांना जीएसटी प्रक्रिया सुलभतेसाठी होऊ शकतो.

### सारांश

वस्तू व सेवा कराला जगाचा एक पूर्व इतिहास आहे. हा कर जर्मन देशापासून सुरू होऊन, फ्रान्स या देशाने केलेला सर्वात प्रथम केलेला स्वीकार आणि त्यानंतर जगात इतर देशांनी स्वीकारलेली प्रणाली आणि त्या प्रणालीचा जगात मोठ्या प्रमाणात झालेला विकास इत्यादी गोष्टींचा यामध्ये समावेश करण्यात आला आहे. वस्तू व सेवा कर या शोधनिबंधामध्ये वस्तू व सेवा करांचे असणाऱ्या स्वरूपाचा उल्लेख करण्यात आला आहे. त्याचप्रमाणे वस्तू व सेवा करांचे वैशिष्ट्यांचा उल्लेख करण्यात आला आहे. यामध्ये जवळपास वस्तू व सेवा करांचे विस्तृत स्वरूप व वैशिष्ट्ये अभ्यासले आहेत.

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## जीएसटी एक करप्रणाली

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### प्रास्ताविक :

जगात सर्वात प्रथम कॅनडा या देशाने सन १९०५ मध्ये प्रायोगिक तत्वावर जीएसटी आकारण्याचा प्रयत्न केला परंतु प्रत्यक्षात १९९१ नंतर अंमलबजावणी केली. तर फ्रान्स या देशाने १९५४ जीएसटीची अंमलबजावणी केली. आज जगातील १६० देशाने जीएसटीची अंमलबजावणी केलेली आहे. भारतात तत्कालीन पंतप्रधान डॉ. मनमोहन सिंग यानी जीएसटीचे रणशिंग फुंकले होते. व २०११ मध्ये ११५वी आणि २०१४ मध्ये १२२ वी घटना दुरुस्तीकरून विधेयक लोकसभेत मांडण्यात आले. परंतु ते पास करण्यात यश आले नाही. अखेर ३ आगस्ट २०१६ व ८ ऑगस्ट २०१६ ला लोकसभेत घटना विधेयक पास झाले. त्यानंतर ८ सप्टेंबर २०१६ ला १०१ वी घटना दुरुस्ती कायद्यातील २७९ व्या कलमानुसार जीएसटी परिषद स्थापन केली. आणि वस्तू व सेवा कर मसूद्याचा आराखडा १९८ पानी तयार केलेला आहे. केंद्रीय अर्थमंत्री याच्या अध्यक्षतेखाली स्थापन केलेल्या या समितीत सर्व राज्याचे अर्थमंत्री हे सदस्य आहेत. व १ जुलै २०१७ पासून जीएसटीची प्रत्यक्षात अंमलबजावणी केली “जीएसटी म्हणजे वस्तू व सेवावरील एकच कर होय.”

जीएसटी म्हणजे वस्तू व सेवा कर असून तो १ जुलै पासून यापुढे लागू राहिल. अनेक विकसित देशात याच पद्धतीची करप्रणाली अस्तित्वात आहे. त्यामळे कर आकारणीत सुटसुटीतपणा येणार आहे.

### अभ्यासाची उद्दिष्टे

- १) जीएसटी कर प्रणाली अभ्यासणे.
- २) व्यावसायिकाला कोणत्या कर परताव्याचा फॉर्म भरावयाचा व कसा, कोणी, केव्हा भरावयाचा इ.चा अभ्यासणे.
- ३) या कराचे फायदे—तोटे अभ्यासणे.

### संशोधन पध्दती

प्रस्तुत शोधनिबंधाचा अभ्यास करताना दुय्यम तथ्याचा आधार घेतलेला आहे. यामध्ये विविध वर्तमानपत्रे, मासिके, वेबसाईट इ. चा संदर्भासाठी वापर केलेला आहे. आवश्यक तेथे अचूक आकडेवारी देण्यात आलेली आहे



एक—सामायिक कराची 'जीएसटी' ही आदर्श पद्धत आहे. उत्पादकांवर कर भार वाढण्यापेक्षा वस्तू व सेवांच्या उपभोगावर कर आकारण्यात आलेला आहे.या कराचे वैशिष्ट्ये म्हणजे हा कर मूल्यवर्धित आहे. याचे सर्व परतावे पूर्णपणे इलेक्ट्रॉनिक पद्धतीने भरायचे आहेत. त्यामुळे करांच्या व्यवहारातील पारदर्शकता वस्तू व सेवाकरामुळे वाढणार आहे. केंद्राच्या व राज्य करांच्या एकत्रीकरणामुळे व पुर्व करांच्या समायोजनास अनुमती दिल्यामुळे वाढीव करांचा अहितकारक प्रभाव कमी होईल. सध्या सर्व कर एकत्र केल्याने करांचे ओझे सुमारे २५ते ३० टक्के होते ते कमी होण्याची शक्यता आहे. मानवी उपभोगासाठी लागणारे अल्कोहोल पूर्णपणे वस्तू व सेवा करामधून वगळले आहे. तसेच पाच खनिज तेलांवर आधारित उत्पादने व विजेचे उत्पादन सध्या तात्पुरते वस्तू व सेवाकरामधून बाजूला ठेवले आहे.

केंद्रीय स्तरावरील पुढील कर वस्तू व सेवा समाविष्ट आहे.

केंद्रीय उत्पादन शुल्क, उत्पादन शुल्क औषधे व प्रसाधन सामग्री ,अतिरिक्त सीमा शुल्क , सेवा कर , वस्तू व सेवा पुरवठा संबंधित केंद्रीय अधिभार व उपकर.राज्य शासन मूल्यवर्धित कर , केंद्रीय विक्रीकर , ऐषोरामावरील कर—लक्झरी कर, मनोरंजन व करमणुकीच्या साधनांवरील कर , जाहिरातींवरील कर , खरेदी कर , लॉटरी, पैज व जुगारावरील कर, वस्तू व सेवा पुरवठा संबंधित राज्य शासनाचे अधिभार व उपकर इ. पुर्वी केंद्र व राज्य याच्यामध्ये कर उत्पन्ना संदर्भात मतभेद होते. परंतू जीएसटी कर प्रणालीमुळे ते मतभेद नष्ट झाले. या कायद्याचे एक वैशिष्ट्ये म्हणजे विविध प्रकारचे परतावे ज्याचे इनपुट टॅक्स क्रेडिट व्यावसायिकांना मिळणार आहे. ते परतावे पुरवठाकर्त्याने अचूक व वेळेवर भरणे आवश्यक आहे जर चुकीचा परतावा भरला तर दंड भरावे लागणार आहे. म्हणून वेळेत कर भरणे आवश्यक आहे.

सामान्य व्यावसायिकाला पुढील प्रमाणे परतावे वस्तू व सेवा करां अंतर्गत भरावे लागतील.

परतावा फॉर्म	काय भरावयाचे?	कोणी भरावयाचे?	केव्हा भरावयाचे?
जीएसटीआर १	मागच्या महिन्यामधील विकल्या गेलेल्या वस्तू व दिलेल्या सेवांचे विवरण ही पूर्ण माहिती कोणाला विकली, किती रूपांना विकली, कुठली वस्तू व सेवा दिली या स्वरूपात देणे आवश्यक आहे.	नोंदणीकृत करदाता पुरवठादार	दर महिन्याच्या १० तारखेला
जीएसटीआर २	मागच्या महिन्यामधील विकत घेतलेल्या वस्तू व उपभोग घेतलेल्या सेवा ज्यांचे इनपुट टॅक्स क्रेडिट व्यावसायिकाला घ्यावयाचे आहे. हा परतावा वस्तूंचा व सेवेचा पुरवठादार त्याच्या जीएसटीआर मध्ये आधी दाखवेल मगच त्याचे क्रेडिट व्यावसायिकाला मिळेल.	नोंदणीकृत करदाता प्राप्तकर्ता	दर महिन्याच्या १५ तारखेला
जीएसटीआर ३	मासिक परतावा यामध्ये वरील दोन्ही परताव्यांनंतर जर काही कर भरणे आला	नोंदणीकृत करदाता प्राप्तकर्ता	दर महिन्याच्या २० तारखेला



	तर त्या करा सहित परतावा भरणे आवश्यक आहे.	व पुरवठादार	
जीएसटीआर ३ए	परतावा क्रमांक ३ न भरल्यास नोटीस स्वयंप्रसिध्द केली जाईल.	अप्रत्यक्ष कर विभागाकडून कलम ४६ अंतर्गत ही नोटीस देण्यात येईल.	ही नोटीस स्वयंप्रसिध्द असल्याने २१ तारखेला आपोआपच येईल.
जीएसटीआर ४ए	त्रैमासिक परतावा. संयुक्त कर पध्दती ज्या व्यावसायिकांनी स्वीकारली आहे त्यांना त्यांच्या खरेदीदारांच्या परताव्याच्या आधारावर स्वयंप्रसिध्द केलेली ही यादी मिळेल.	अप्रत्यक्ष कर विभागाकडून	तिमाहीनंतर आलेल्या महिन्याच्या १३ तारखेला
जीएसटीआर ४	त्रैमासिक परतावा. अशा व्यावसायिकांसाठी ज्यांनी संयुक्त कर पध्दती स्वीकारली आहे. ७५ लाखापर्यन्त ज्यांचे वार्षिक उत्पन्न आहे अशा व्यावसायिकांना या योजनेचा लाभ घेता येईल. छोटे व्यावसायिक या योजनेत सामील होतील. अर्थात ही योजना ऐच्छिक आहे ज्या व्यावसायिकांना इनपुट टॅक्स क्रेडिट घ्यावयाचे आहे त्यांना या योजनेचा लाभा घेता येणार नाही.	संयुक्त कर पध्दती स्वीकारलेली आहे असे पुरवठादार	तिमाहीनंतर आलेल्या महिन्याच्या १८ तारखेला
जीएसटीआर ५	अनिवासी परदेशी नोंदणीकृत करदात्याचा परतावा	अनिवासी परदेशी नोंदणीकृत करदाता	दर महिन्याच्या १० तारखेला
जीएसटीआर ६	इनपुट सेवा वितरकाचा परतावा थोडक्यात व्यावसायिकाचे मुख्य कार्यालय जेथे बहुतांश व्यवसायाची चलने जारी केली जातात. अशा कार्यालयाशी निगडित असणा-या इनपुट टॅक्स क्रेडिटची विभागणी कशी करावी हे या परताव्यामध्ये देणे अपेक्षित आहे.	इनपुट सेवा वितरक	दर महिन्याच्या १० तारखेला
जीएसटीआर ७	सरकारी खात्यांतील व्यवहारातील कापलेला कर	ज्याने टॅक्स कापला आहे.	दर महिन्याच्या १० तारखेला
जीएसटीआर ८	ज्यांचा व्यवसाय ई कॉमर्सद्वारे आहे अशा व्यावसायिकांसाठी	ई कॉमर्स व्यावसायिक	दर महिन्याच्या १० तारखेला
जीएसटीआर ९	वस्तु व सेवाकरांचा वार्षिक परतावा	नोंदणीकृत करदाता प्राप्तकर्ता व पुरवठादार	पुढील वर्षाच्या ३१ डिसेंबर पर्यन्त
जीएसटीआर ९ए	संयुक्त कर पध्दती स्वीकारली आहे अशा व्यावसायिकांसाठी त्यांचा सोपा केलेला परतावा. कलम ८ अंतर्गत व ऑडिट रिपोर्ट	ज्यांनी संयुक्त कर पध्दती स्वीकारली आहे असे व्यावसायिक	पुढील वर्षाच्या ३१ डिसेंबर पर्यन्त
जीएसटीआर ९बी	वस्तु व सेवाकर आणि ताळेबंदातील दाखवलेली विक्री यांचा सलोखा	सर्व व्यावसायिक ज्यांचे उत्पन्न दोन	पुढील वर्षाच्या ३१ डिसेंबर



		कोटीपेक्षा जास्त आहे किंवा ज्यांनी संयुक्त कर पध्दती स्वीकारली आहे असे व्यावसायिक	पर्यन्त.
जीएसटीआर १सी	वार्षिक अंतिम परतावा. यात लेखा परीक्षण अहवाल व वस्तू व सेवाकर आणि ताळेबंदातील दाखविलेली विक्री याचा सलोखा	सर्व व्यावसायिक ज्यांचे उत्पन्न दोन कोटीपेक्षा जास्त आहे	पुढील वर्षाच्या ३१ डिसेंबर पर्यन्त
जीएसटीआर १०	अखेरचा परतावा. काही कारणांमुळे जर व्यवसाय बंद केला गेल्यास किंवा वस्तू व सेवाकरांतर्गत नोंदणी रद्द केल्यास	नोंदणीकृत करदाता प्राप्तकर्ता व पुरवठादार ज्यांची वस्तू व सेवाकरांतर्गत नोंदणी रद्द झाली आहे.	नोंदणी रद्द केल्यापासून किंवा तसा हुकुम जारी केल्यापासून तीन महिन्यांच्या आत.
जीएसटीआर ११	मागच्या महिन्यामधील विकत घेतलेल्या वस्तू व उपभोग घेतलेल्या सेवा ज्यांचे इनपुट टॅक्स क्रेडिट यूआयएनला घ्यायचे आहे. यूआयएन म्हणजे काही संस्था जसे संयुक्त राष्ट्र वाणिज्य दूतावास, परदेशी दूतावास किंवा असे इतर ज्यांना सरकारने या काद्यांतर्गत सूट दिली आहे.	करदाता ज्यांचा यूआयएन आहे आणि ज्यांना इनपुट टॅक्स क्रेडिटचे पैसे परत घ्यावयाचे आहेत.	पुढील महिन्याच्या २८ तारखेला ज्या महिन्याचे इनपुट टॅक्स क्रेडिट यूआयएनला घ्यावयाचे आहे.

अशा रितीने व्यावसायिकांनी कर भरताना कोणता फॉर्म भरावा. तसेच त्यात काय लिहिणे आवश्यक आहे. कर कोण भरणार आणि किती तारखेला कराचा भरण करवायाचा याची सविस्तर माहिती वरील तक्त्यात थोडक्यात मांडण्याचा प्रयत्न केला आहे.

### जीएसटीचे फायदे

१. देशातील सर्व वस्तू व सेवावर एक समान कर आकारणी केलेली आहे.
२. देशातील वस्तू व सेवांच्या किमती समान राहणार आहेत.
३. गुंतवणूकीला चालना मिळेल.
४. सरकारच्या उत्पन्नात वाढ होणार आहे.
५. करदात्याची संख्या वाढणार आहे.
६. आर्थिक विकासाचा वेग वाढणार आहे.
७. कर वसूलीचा खर्च कमी होणार आहे.
८. खरेदी विक्रीव्यवहाराची नोंद ऑनलाईन पध्दतीने होणार असल्याने कर चुकवेगिरी बंद होईल.



## जीएसटीचे तोटे

१. केंद्र व राज्य सरकारचे जवळपास २० अप्रत्यक्ष कर कमी केले आहेत.
२. जीएसटीचा महत्तम दर २८ टक्के आहे. त्यामुळे चैनीच्या व ऐषआरामाच्या वस्तू व सेवांच्या किमतीत वाढझालेली आहे.
३. जीएसटी कार्यप्रणाली विषयीची संपूर्ण माहितीची जाणीव व्यापा—याना नाही.
४. कर आकारणीत व कर भरणा प्रक्रीयेत अनेक अडथळे व अडचणी येण्याची शक्यता.
५. ग्रामीणभागातील बहुतांशी व्यापारी वर्ग निरक्षर व संगणकाचे ज्ञान नसलेला आहे त्यामुळे ऑनलाईन नोंद करण्यात अडचणी येतील.
६. रिअल ईस्टेट क्षेत्राला मोठा फटका बसेल. नव्या घरांच्या किमती ८ टक्क्यांनी वाढतील सध्याच मंंबईत दीड लाख फ्लॅट पडून आहे. ते आणखीन महाग होतील त्यामुळे फ्लॅट खरेदीदार मिळणे अवघड होईल बिल्डर अडचणीत आले तर मजुरांपासून तंत्रज्ञांनापर्यंत अडचणी येउन बेकारी वाढेल.
७. वस्तु व सेवांवर कर आकारला जात असल्याने त्या महाग होतील व त्याचा फटका गरीबांना बसेल. व त्यांना वस्तु व सेवा खरेदी करण्यात अडचणी येतील.

## समारोप

केंद्र व राज्य आकारीत असलेल्या विविध करांऐवजी जीएसटी या नवीन करप्रणालीमुळे एखाद्या विशिष्ट प्रकारच्या वस्तूवर संपूर्ण देशभर एकच कर दर आकारला जातो. ही नवीन कर प्रणाली गुंतवणूक वाढीसाठी उपयुक्त आहे. तसेच करदात्याची संख्या वाढून सरकारचे उत्पन्न वाढेल. त्यामुळे देशाच्या आर्थिक विकासाला साहय्य ठरणारी ही कर प्रणाली आहे. व्यापा—यांच्या खरेदी—विक्रीच्या सर्व व्यवहारांची नोंद ऑनलाईन असल्यामुळे अधिक उत्पन्न व कमी खर्चाची ही कर प्रणाली आहे. परंतु दुस—या बाजूने विचार केल्यास असे दिसून येते की या करप्रणालीची पुरेशी माहिती व संगणकाचे ज्ञान व्यापा—याना नसल्यामुळे अंमलबजावणीत अनेक अडचणी येत आहेत. जीएसटीची माहिती पुरविणारी सरकारी यंत्रणा अपुरी वाटत आहे. मात्र काही महिन्यांनंतर पूर्वीच्या कर प्रणालीप्रमाणे नवीन करप्रणालीही गती घेवून अर्थव्यवस्थेला लाभदायक ठरणार आहे. यात शंका नाही.

## संदर्भसूची

१. लोकमत ; २०/ ०५/ २०१७ दि. १९/०६/ २०१७
२. अर्थसंवाद जुलै— सप्टेंबर २०१७
३. इंटरनेट वेबसाईट ; गुगल
४. लोकप्रभा दि. ७ जुलै २०१७



## वस्तु आणि सेवा करप्रणालीचा भारतीय शेतीव्यवसायावर झालेला परीणाम

**डॉ.सुजाता शिवाजी गडाख (शिकें)**

एम. कॉम, एम फिल, सेट, पीएच.डी.

सहाय्यक प्राध्यापक

कला, वाणिज्य व विज्ञान महाविद्यालय ज्यंबकेश्वर

### गोषवारा :

शेती व्यवसाय भारतीय अर्थव्यवस्थेत महत्वाची भूमिका बजावतो. ग्रामीण भागातील ५८ टक्के लोकसंख्या अजूनही शेती व्यवसायावर अवलंबून आहे. जागतिक स्तरावर भारताचा शेती व्यवसाय उत्पादनात तिसरा क्रमांक आहे. एकूण निर्यातीत भारताची १० टक्के निर्यात ही शेती क्षेत्रातून होते. हया निर्यातीबाबत परताचा जागतिक स्तरावर चौथा क्रमांक लागतो. गहू तांदूळ, ऊस व ताज्या फळांच्या उत्पादनात भारत अग्रेसर आहे. १ जुलै २०१७ रोजी भारतात वस्तु व सेवा करप्रणाली स्विकारण्यात आली त्यामुळे भारतीय शेती व्यवसायात अमुलाग्र बदल घडून आला आहे. हा बदल सकारात्मक व नकारात्मक अशा दोन्ही स्वरूपात घडून आलेला दिसून येतो. हया बदलाचा अभ्यास करणे क्रमप्राप्त ठरते. संबंधित पेपरमध्ये वस्तु व सेवा करप्रणालीचा भारतीय अर्थव्यवस्थेवर झालेला परिणाम अभ्यासण्यास मदत होणार आहे.

**मुख्य मुद्दे :** भारतीय शेती व्यवसाय आणि वस्तु व सेवा करप्रणाली, वस्तु व सेवा करप्रणालीमुळे भारतीय शेती मालावरील कररचनात्मक बदल, वस्तु व सेवा करप्रणालीमुळे शेती व्यवसायाला झालेले फायदे व तोटे

### प्रस्तावना :

वस्तु व सेवा करप्रणाली ही अप्रत्यक्ष करांतील सुधारणांचे लक्षणीय पाऊल आहे. भारतात १ जुलै २०१७ पासून वस्तु व सेवा करप्रणाली लागू करण्यात आली. देशभरात एकच करप्रणाली असावी हया उद्देशाने ही करप्रणाली लागू करण्यात आली. सरकारने अनेक अप्रत्यक्ष कर रद्द केले व राष्ट्रीय स्तरावर एकच करप्रणाली लागू करण्यात आली. २००६ - २००७ च्या अर्थसंकल्पात पी चिदंबरम यांनी प्रथमतः वस्तु व सेवा करप्रणाली विधेयक मांडले. लोकसभेत युपीए चे पुरेसे संख्याबळ असल्याने ते मंजूर करण्यात आले परंतु राज्यसभेत संख्याबळअभावी भाजपाच्या विरोधामुळे ते रखडले. त्यानंतर २०११ साली पंतप्रधान डॉ मनमोहन सिंग यांनी हया करप्रणालीचा प्रस्ताव मांडला. वस्तु व सेवा करप्रणाली ही संपूर्ण भारतात सर्व वस्तु व सेवांकर आकारण्यात आलेली एकच करप्रणाली आहे. भारतीय अर्थव्यवस्थेत यामुळे अमुलाग्र बदल घडून आला आहे. याअगोदर भारतीय अर्थव्यवस्थेत राज्यानूसार वेगवेगळ्या करप्रणाली अस्तित्वात होत्या. मोदी सरकारने हीशेतकऱ्यांचे उत्पादन दुष्पट करण्याच्या दृष्टीने आपले धोरण निश्चित केले होते व २०२२ पर्यंत ते पूर्ण करण्यात येईल अशी ग्वाहीही देण्यात आली होती. पीक विमा सुरू करण्यात आला होता. त्याचा जास्तीत जास्त भार सरकार सहन करणार होते. सर्व बाजार यजणा ही ऑनलाईन पध्दतीने जोडण्यासाठी सुध्दा सरकार प्रयत्न करीत आहे. भारतात जीएसटी कायदा जम्मू आणि काश्मिर वगळता सगळ्या राज्यांना लागू करण्यात आला आहे. देशातील एकूण ७ ते ११ करप्रणाल्या रद्द होऊन जीएसटी ही एकच करप्रणाली लागू करण्यात येईल. अप्रत्यक्षपणे देशातील जनता ही विविध



करांमधून ३० ते ३५ टक्के कर भरित असत. आता हा दर जास्तीत जास्त १८ टक्के इतकाच भरावा लागणार आहे. बऱ्याच चर्चेनंतर जीएसटी मंडळाने ५ टक्के १२ टक्के १८ टक्के २८ टक्के अशा चार करदरांना मान्यता दिली आहे. ही करप्रणाली ऐतिहासिक असून अर्थव्यवस्थेत अमूलाग्र बदल घडविणारी आहे. स्वातंत्र्यानंतर देशातील राजकिय एकात्मता साध्य झाली परंतु आर्थिक एकात्मता साध्य झाली नाही ही आर्थिक एकात्मता साध्य करण्यासाठी वस्तू व सेवा करप्रणालीचा उपयोग होईल असे मानले जाते.

### उद्देश:

- १ भारतीय शेती अर्थव्यवस्थेवर वस्तू व सेवा करप्रणालीचा परिणाम अभ्यासणे.
- २ वस्तू व सेवांबाबत विविध कर टक्केवारी अभ्यासणे.
- ३ वस्तू व सेवा करप्रणालीमुळे भारतीय अर्थव्यवस्थेला होणारे फायदे तोटे अभ्यासणे.

संशोधन पध्दती : गुणात्मक संशोधन पध्दतीचा वापर

तथ्यसंकलन : दुय्यम स्रोतांचा वापर

- १ संकेत स्थळांचा वापर
- २ मासिकांचा वापर

### वस्तू व सेवा करप्रणाली व भारतीय शेती अर्थव्यवस्था :

वस्तू व सेवा करप्रणालीमुळे कृषी व बिगरशेती क्षेत्रांत २० लाख रोजगारनिर्मिती होईल असा अंदाज व्यक्त केला जात आहे. त्याचबरोबर आर्थिक विकास दरात १ ते २ टक्केनी वाढ होईल. वस्तू व सेवा करप्रणाली अमलात आणण्याअगोदर शेत मालाच्या किमतीवर आकारला जाणारा कर हा राज्यपरतवे भिन्न होता ही भिन्नता दूर होऊ न एक राष्ट्र एक कर ही संकल्पना उदयास येईल. शेतमालावर केंद्र व राज्य सरकार यांचे वेगवेगळे दर असल्याने शेतीमालाच्या किमतीमध्ये प्रचंड प्रमाणात तफावत आढळत असे. अशी तफावत दूर होण्यास मदत होईल. जीएसटीनंतर राज्याराज्यातील प्रवेश कर रद्द झाल्यामुळे राष्ट्रीय बाजारपेठ शेतीमालाला उपलब्ध होईल व भारताची अर्थव्यवस्था बाजारपेठ शेती व शेतकरी यांच्यावर प्रभाव पडेल. जुन्या कररचनेत साखर, मीठ, गहू व आटा यांना करातून वगळण्यात आले होते. राज्य सरकारांनी भरड धान्ये, मांस, अंडी, फळे भाजीपाल्याला अशाच करातून वगळले होते. उर्वरित शेतीमालावर राज्य सरकार ४ टक्के कर वसूल करित जीएसटी मध्ये भरड धान्य, मांस मासे, अंडी, भाजीपाला, फळे, दूध उत्पादने अशा सर्व मालावर कर आकारला जाणार आहे. व्हॅट करप्रणालीत दुधावर २ टक्के का आकारला जायचा तो दर जीएसटीमध्ये ० टक्के आकारण्यात आला आहे<sup>१</sup>

प्राथमिक शेती उत्पादनांवर वस्तू व सेवा करप्रणालीमध्ये शून्य टक्के व्याजदर आकारण्यात आले आहे केंद्र सरकारने शेती उत्पादन आणि विक्री यावर कोणताही कर आकारलेला नाही म्हणून शेती उत्पादनावर वस्तू व सेवा करप्रणालीचा कोणताही परिणाम नाही. फळ व भाज्या यांचे ज्यूस, जॅम, सॉस यावर १२ ते १८ टक्के इतके करआकरणी आहे. अन्नधान्य व दूध हया उत्पादनावर कोणताही कर आकारण्यात आलेला नाही पूर्वीच्या कायद्यात दुग्ध व्यवसाय कुक्कुट पालन व्यवसाय यांचा करप्रणालीत समावेश नव्हता. नविन वस्तू व करप्रणालीनुसार दुग्ध व्यवसाय कुक्कुट पालन व्यवसाय हयाचा करप्रणालीत समावेश करण्यात आला आहे. जुने दर व जीएसटीतील नविन दर यातील फरक खालीलप्रमाणे



## तक्ता क १

वस्तू	जुने दर	जी एस टी दर	फरक
बी बियाणे व चिन्हांकन नसलेली सेंद्रिय खते	०	०	०
हात पंप व त्याचे सुटे भाग	१२.५	५	-७.५
ट्रॅक्टर	१२.५	१२	-०.५
रासायनिक खते	१२	५	-७
<b>खर्चिक</b>			
ट्रॅक्टर टायर	१२.५	१८	+ ५.५
ट्रॅक्टरचे इतर सुटे भाग	१२.५	१८	+ ५.५
हार्वेस्टर व अर्थ ग्रेडर चे सुटे भाग	०	१२	+ १२
किटकनाशके	५.५	१८	+ ११.५

वरील तक्त्यावरून बी बियाणे व चिन्हांकन नसलेली सेंद्रिय खते यांच्या करदरात कोणताही बदल करण्यात आलेला नाही. हात पंप व त्याचे सुटे भाग व्हॅट दरानुसार १२.५ इतका करदर होता तो जीएसटी नुसार १२ टक्के इतका निश्चित करण्यात आला. त्यामुळे हात पंप व त्याचे सुटे भाग स्वस्त होतील. ट्रॅक्टर वरील कर कमी करण्यात आला असून तो १२ टक्के इतका आहे. त्यामुळे ट्रॅक्टरच्या किमती कमी होतील. रासायनिक खते १२ टक्केवरून ५ टक्केपर्यंत कमी होतील. त्यामुळे रासायनिक खतेही स्वस्त होतील. युरिया वर १२ टक्के कर लागू करण्यात आला होता. परंतु संसदेतील विरोधानंतर हा दर ५ टक्के इतका करण्यात आला. ट्रॅक्टर टायर ट्रॅक्टरचे इतर सुटे भाग हार्वेस्टर व अर्थ ग्रेडर चे सुटे भाग, किटकनाशके यांच्या दरात वाढ वरीलप्रमाणे झालेली दिसून येते<sup>३</sup>

वीज व इंधन यांना वस्तू व सेवा करप्रणाली लागू करण्यात आलेली नाही. जुनी करप्रणाली रद्द करून संपूर्ण भारतात राष्ट्रीय स्तरावर एकच करप्रणाली लागू करण्यात आली. ग्राहकांच्या दृष्टीने ही करप्रणाली अतिशय फायदेशीर आहे कारण वस्तूच्या व सेवांच्या खरेदीवर जे अनेक अप्रत्यक्ष कर ग्राहकांना द्यावे लागायचे ते आता ते राष्ट्रीय करप्रणालीमुळे व एकच करप्रणालीमुळे त्यांना मोठया प्रमाणात फायदा होणार आहे ह्या करामुळे आंतरराष्ट्रीय स्तरावर स्पर्धाक्षमता वाढण्यासाठी याची मदत होणार आहे. अर्थव्यवस्था प्रगत होण्यास त्यामुळे मदत होणार आहे. वस्तू व सेवा कररचनेत पारदर्शकता असल्याने प्रशासन सोपे होण्याससुध्दा मदत होणार आहे. व्हॅट कायद्यांतर्गत डाळी धान्य प्रक्रिया न केलेला शेती माल यावर कोणताही कर आकारण्यात येत नव्हता साखर गहू आटा मीठ यांना मूल्यवर्धित करप्रणालीतून वगळण्यात आले होते भरड धान्ये मांस अंडी फळे व भाजीपाला राज्यांनी आपल्या करातमन वगळलेला होता उर्वरित शशेतीमालावर राज्य ४ टक्के दराने कर वसूल करित जीएसटीमध्ये वस्तू व सेवा करप्रणालीत त्याचे प्रमाण ४ टक्के ते ८ इतके आकारण्यात येणार आहे डाळीवर ५ टक्के करआकारणी करण्यात आली आहे याचा परिणाम दारिद्र्य रेषेखालील ग्राहकांवर होईल कारण इतर सर्व अप्रत्यक्ष कर रद्द होतील व फक्त एकच कर भरावा लागणार आहे प्रत्यक्ष करदरात वाढ होतांना दिसून येते त्यामुळे १३ व्या वित्त आयोगाचे अध्यक्ष डॉ. विजय केळकर यांनी वस्तू व सेवा करप्रणालीमुळे भाववाढीचा धोका निर्माण होऊ शकतो असे मत व्यक्त केले आहे. यावर उपाय म्हणजे शेतीमालाला ह्या कररचनेतून वगळण्यात यावे परंतु करपाया संकूचित होऊ न राष्ट्रीय उत्पादनावर याचा परिणाम होऊ शकतो उदयोग व्यापार शर्ती शेतीला



अनुकूल असल्याने त्याचाही फायदा शेती व्यवसायाला होईल असा दावा अभ्यासकांकडून केला जातो परंतु व्यापारी दलाल हा फायदा शेतकऱ्यांपर्यंत पोहचू देतील की नाही याबाबत शंका व्यक्त केली जात आहे <sup>४</sup>

**वस्तू व सेवा करप्रणालीचे फायदे :**

- १ राष्ट्रीय स्तरावर शेतीमालाला बाजारपेठ उपलब्ध होईल.
- २ राज्यांचे सीमाशुल्क रद्द झाल्यामुळे त्याचाही फायदा शेतकऱ्यांना घेता येईल.
- ३ शेती मालाच्या बाजारपेठांमधे वाढ झाल्याने बाजारपेठेची कार्यक्षमता वाढेल.
- ४ व्याजदर कमी झाल्याने उत्पादननिर्मितीचा खर्च कमी होईल त्यामुळे स्पर्धाक्षमतेत वाढ होईल.
- ५ एक देश एक करप्रणाली यामुळे कररचनेतील पारदर्शकतेत व सोपेपणात वाढ होईल.
- ६ वेळ श्रम पैसा यांची बचत होईल.
- ७ जीवनावश्यक वस्तू करांतून वगळल्याने गरिब जनतेला त्याचा फायदा घेता येईल.

**वस्तू व सेवा करप्रणालीचे तोटे**

1. बी बीयाण खते यांसारख्या आदांनावर कर लागू केल्याने शेती उत्पादनावरील खर्चात वाढ होईल.
2. युरिया पोटॅश यासारख्या खतांवरही कर लादल्याने गरीब शेतकऱ्यांचे नुकसान होईल.
3. ड्रिप स्पिंकलर यांवर जुन्या कररचनेत ५ टक्के कर आकारण्यात आला होता जीएसटीत हा कर १८ टक्के इतका करण्यात आला आहे त्यामुळे त्याच्या भाववाढीचा तोटाही शेतकऱ्यांना सहन करावा लागेल.
4. जे शेतकरी दुसऱ्या राज्यांमध्ये शेतीमाल पाठवतात त्यांनाच आंतरराज्य कररचजेचे फायदे घेता येतील अन्यथा व्यापारी मध्यस्थ दलाल यांनाच हे फायदे मिळतील<sup>५</sup>.

**निष्कर्ष :**

वरील सर्व विवेचनावरून वस्तू व सेवा करप्रणाली ही शेतीला फायदेशीर आहे त्याचप्रमाणे अनेक मर्यादाही शेती क्षेत्रा ह्या कररचनेचे दिसून येतात ह्या मर्यादा दूर केल्यास शेतकऱ्यांना ह्या करप्रणालीचे अनेक फायदे मिळतील ह्या करप्रणालीत सुधारणेला वाव असल्याने ही करप्रणाली भविष्यकाळात फायदेशीर ठरेल की तोट्याची हे भविष्यकाळच ठरवेल.

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