A Project Report on

“Impact of GST on Indian Economy’’

Submitted to

Department of Management Sciences & Research (DMSR)

G.S. College of Commerce and Economics, Nagpur

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Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

In partial fulfilment for the award of the degree of

Master of Business Administration

Submitted by

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Under the Guidance of

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NAAC Accredited “A” Grade Institution

Academic Year 2023-24

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CERTIFICATE

This is to certify that **Ms. Mrunali N. Mohinkar** has submitted the project report titled, " Impact of GST on Indian Economy ", under the guidance of **Dr. Archana Dadhe** towards the partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degreeexamination.

It is certified that he/she has ingeniously completed his/her project as prescribed by **DMSR, G. S. College of Commerce and Economics, Nagpur, (NAAC Reaccredited "A" Grade Autonomous Institution)** affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

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DECLARATION

I, **Mrunali Mohinkar** here-by declare that the project with title "Impact of GST on Indian Economy" has been completed by me under the guidance of **Dr. Archana Dadhe** in partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degree examination as prescribed by **DMSR, G. S. College of Commerce and Economics, Nagpur, (NAAC Re-accredited "A" Grade Autonomous Institution)** affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

This project was undertaken as a part of academic curriculum and has not been submitted for any other examination and does not form the part of any other course undertaken by me.

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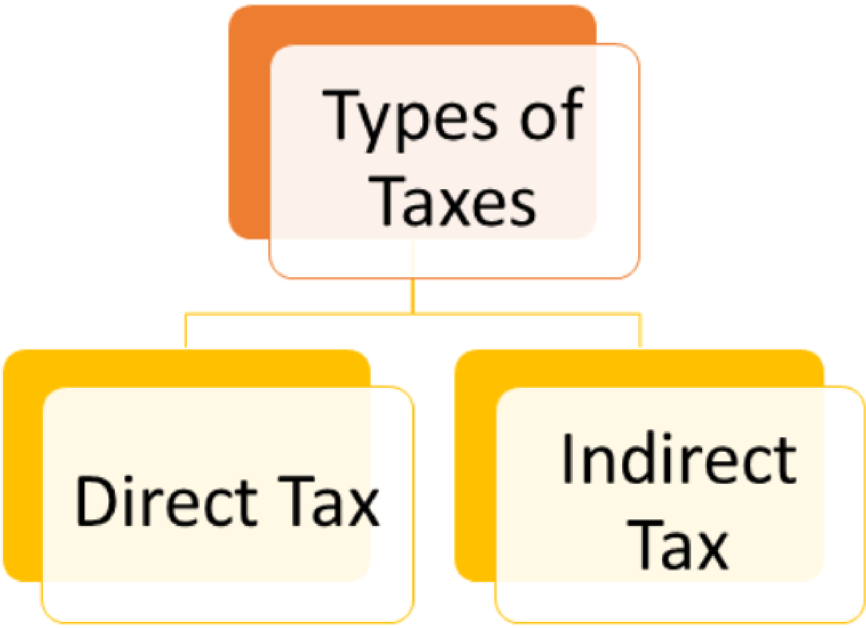
Chapter 1

INTRODUCTION

TAX

TAX" typically refers to a financial charge or levy imposed by a government on income, goods, services, or property. Taxes are the primary source of revenue for governments, which they use to fund public services and infrastructure. Taxes can take various forms, including income tax, sales tax, property tax, and corporate tax, among others. The specific types and rates of taxes vary widely depending on the jurisdiction and the laws governing taxation in that particular area.



Direct Tax

Direct taxes are taxes that are directly imposed on individuals or entities and cannot be passed on to another party. These taxes are typically levied on income, wealth, or assets, and they are paid directly to the government by the taxpayer. Examples of direct taxes include income tax, property tax, corporate tax, and capital gains tax. These taxes are often progressive, meaning that individuals or entities with higher incomes or greater wealth are taxed at a higher rate than those with lower incomes or less wealth. Direct taxes are an important source of revenue for governments and are used to fund public services and infrastructure.

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An example of a direct tax is the personal income tax. When individuals earn income from various sources such as salaries, wages, investments, or business profits, they are required to pay a portion of that income to the government as tax. This tax is typically calculated based on a progressive tax rate, meaning that higher incomes are taxed at higher rates while lower incomes are taxed at lower rates. Individuals directly pay this tax to the government either through withholding from their paychecks) or through self-reporting and payment.

Indirect Tax:

Indirect taxes are taxes levied on goods and services rather than on individuals or entities directly. Unlike direct taxes, which are paid directly by the person or entity on whom the tax is imposed, indirect taxes are usually collected by an intermediary, such as a seller or service provider, who then passes the tax burden on to the end consumer. Indirect taxes can take various forms, such as sales tax, value-added tax (VAT), excise tax, customs duties, and tariffs.

For example, when you purchase a product at a store, the price you pay includes the indirect tax imposed by the government, such as a sales tax or VAT. The store collects this tax from you as the consumer and then remits it to the government.

Indirect taxes are often considered regressive because they tend to have a greater impact on lower-income individuals, as they represent a larger proportion of their total income or expenditure compared to higher-income individuals. However, they are also an important source of revenue for governments and are used to fund public services and infrastructure.

An example of an indirect tax is the Value Added Tax (VAT).

Here's how it works: Let's say you purchase a product from a store. The price you pay for that product includes the VAT. However, the store doesn't keep the VAT; they collect it on behalf of the government. So, when you buy the product, you're indirectly paying the VAT. The store then remits the collected VAT to the government.

VAT is applied at each stage of production or distribution, but it's ultimately passed on to the end consumer. This means that the final price of the product includes the cumulative VAT charged at each stage of its production and distribution process.

Other examples of indirect taxes include sales tax, excise tax (e.g., on alcohol, tobacco, or fuel), customs duties on imported goods, and tariffs on international trade. These taxes are typically included in the price of goods or services and are passed on to consumers through the products' prices.

The Goods and Services Tax (GST) introduced in India is a comprehensive indirect tax levied on the supply of goods and services across the country. It replaced a complex system of multiple indirect taxes levied by the central and state governments. Here's an introduction to GST in detail:

Background:

Pre-GST Era: Before the implementation of GST, India had a fragmented tax structure with various central and state-level taxes such as excise duty, service tax, value-added tax (VAT), central sales tax (CST), etc.

Need for GST: The introduction of GST aimed to create a unified national market, simplify the tax structure, eliminate cascading effect, enhance ease of doing business, and streamline tax compliance.

Implementation:

GST Council: The GST Council, chaired by the Union Finance Minister and comprising representatives from the central and state governments, was constituted to make recommendations on GST rates, exemptions, threshold limits, etc.

Dual Structure: GST in India is a dual structure with both central and state components. It includes:

Central Goods and Services Tax (CGST) levied by the Central Government.

State Goods and Services Tax (SGST) levied by the State Governments.

Integrated GST (IGST): Levied on inter-state supplies of goods and services, collected by the Central Government but apportioned to the destination state

Goods and Services Tax (GST) is a proposed system of indirect taxation in India merging most of the existing taxes into single system of taxation. It was introduction by the Constitution (One hundred and First Amendment) Act 2016. The Chairman of GST bill is union finance minister which is currently Arun Jaitley.

GST would be a comprehensive indirect tax on manufacturing, sale and consumption of goods and services throughout India, to replace taxes levied by central and state governments. Goods and Servies tax would be levied and collected at each stage of sale or purchase of goods or services based on the input tax credit method. This method allows GST-registered businesses to claim tax to the value of GST they paid on purchase of goods or services as part of their normal commercial activity. Taxable goods and services are not distinguished from one another and taxes as domestic goods and services adhering to the destination principle. The introduction of Goods and services Tax (GST) would be a significant step in the reform of indirect taxation in India. Amalgamating several Central and state taxes into a single tax would mitigate cascading or double taxation, facilitating a common national market. The simplicity of the tax should large to earn administrative and enforcement. From the consumer point of view, the beigest advantage would be in terms of a reduction in the overall tax burden on goods which is currently estimated at 25%-30%, free movement of goods from one state to other without stopping at state borders for hours for payment of state tax or entry tax and reduction in paperwork to a large extent. What changes there would be if India launches GST. “The Tax rate under GST may be nominal or zero rated for the time being. It has been proposed

to insulate the revenues of the state from the impact of GST.

he Goods and Services Tax (GST), introduced in India on July 1, 2017, marks a watershed moment in the country's economic history. This comprehensive tax reform replaced a complex and fragmented system of indirect taxes with a unified tax regime, aiming to streamline taxation, boost economic efficiency, and foster greater compliance. The impact of GST on the Indian economy has been profound, ushering in both challenges and opportunities across various sectors.

One of the most significant impacts of GST has been its role in promoting economic integration. By harmonizing tax rates and procedures across states, GST has dismantled barriers to instate trade, facilitating smoother movement of goods and services. This has led to the emergence of a single national market, enabling businesses to expand their operations and reach a wider consumer base. Moreover, GST has spurred the formalization of the economy by incentivizing businesses to register and comply with tax laws, thereby reducing the prevalence of tax evasion and the informal sector.

Additionally, GST has had a transformative effect on business processes and supply chains. The shift from a cascading tax regime to a destination-based tax has incentivized businesses to rationalize their supply chains and optimize their operations. With input tax credit mechanisms in place, businesses can claim credits for taxes paid on inputs, thereby reducing the tax burden and improving competitiveness. However, the initial challenges in adapting to the new tax regime, such as compliance requirements and technological infrastructure, posed implementation hurdles for businesses, particularly small and medium enterprises (SMEs).

Furthermore, the impact of GST extends beyond businesses to consumers and government finances. While the rationalization of tax rates under GST has led to a reduction in the overall tax burden for many goods and services, some sectors have witnessed price fluctuations in the short term. However, over time, the benefits of GST in terms of increased efficiency and transparency are expected to translate into lower prices and improved consumer welfare. Moreover, the expansion of the tax base and improved compliance under GST have bolstered government revenues, enabling investments in infrastructure, social welfare, and developmental initiatives.

In conclusion, the impact of GST on the Indian economy has been multifaceted, with implications for businesses, consumers, and government finances. While the transition to the new tax regime has posed challenges, the long-term benefits of GST in terms of economic integration, efficiency gains, and revenue mobilization are expected to outweigh the initial teething problems. As India continues its journey towards economic reform and development, GST remains a cornerstone reform measure, driving growth, competitiveness, and prosperity in the country's economic landscape.

History of GST

The idea of a nationwide GST in India was first proposed by the Kelkar Task Force on Indirect taxes in 2000. The objective was to replace the prevailing complex and fragmented tax structure with a unified system that would simplify compliance, reduce tax cascading, and promote economic integration. The Empowered Committee of State Finance Ministers prepared a design and roadmap, releasing the First Discussion Paper in 2009. The Constitution Amendment Bill was introduced in 2011 but faced challenges regarding compensation to States and other issues.

After years of deliberation and negotiations between the Central and State Governments, the Constitution (122^{nd} Amendment) Bill, 2014, was introduced in the Parliament. The Bill aimed to amend the Constitution to enable the implementation of GST. The Constitution Amendment Bill was passed by the Lok Sabha in May, 2015. The Bill with certain amendments was finally passed in the Rajya Sabha and thereafter by the Lok Sabha in August, 2016. Further, the Bill has been ratified by the required number of States and has since received the assent of the President on 8^{th} September, 2016 and has been enacted as the 101st Constitution Amendment Act, 2016. The GST Council was notified w.e.f. 15^{th} September, 2016. For assisting the GST Council, the office of the GST Council Secretariat was also established.

The GST Council, consisting of the Union Finance Minister and representatives from all States and Union Territories, was established to make decisions on various aspects of GST, including tax rates, exemptions, and administrative procedures. It played a crucial role in shaping the GST framework in India. On 1^{st} July, 2017, GST laws were implemented, replacing a complex web of Central and State taxes. Under the Indian GST, goods and services are categorized into different tax slabs, including 5%, 12%, 18%, and 28%. Some essential commodities are exempted from GST, Gold and job work for diamond attract low rate of taxation. Compensation cess is being levied on demerit goods and ceratin luxury items.

To prepare for the implementation of GST, extensive efforts were made to build the necessary technological infrastructure and train tax officials and businesses. GST Network (GSTN), a not-for-profit company, was created to provide the IT backbone for the GST system, including taxpayer registration, return filing, and tax payments.

Since its implementation, the Indian GST has undergone various amendments and refinements based on feedback from businesses and the evolving economic scenario. While the GST implementation initially posed challenges for businesses in terms of understanding the new compliance requirements and adapting to the changes, it has gradually settled into the Indian tax landscape.

It can be said that the history of GST in India showcases a monumental shift in the country's tax structure, aiming to create a more unified, efficient, and transparent indirect tax regime for the benefit of businesses and the economy as a whole.

Goods and Services Tax (GST) is a comprehensive indirect tax levied on the supply of goods and services in India. Here are some of the salient features of GST:

a. **One Nation, One Tax:** GST replaced multiple indirect taxes levied by the Central and State Governments, such as excise duty, service tax, value-added tax (VAT), and others. It brought uniformity in the tax structure across India, eliminating the cascading effect of taxes.

b. **Dual Structure:** GST operates under a dual structure, comprising the Central GST (CGST) levied by the Central Government and the State GST (SGST) levied by the State Governments. In the case of Inter-state transactions, Integrated GST (IGST) is applicable, which is collected by the Central Government and apportioned to the respective State. Import of goods or services would be treated as inter-state supplies and would be subject to IGST in addition to the applicable customs duties.

c. **Destination-based Tax:** GST is a destination-based tax, levied at each stage of the supply chain, from the manufacturer to the consumer. It is applied to the value addition at each stage, allowing for the seamless flow of credits and reducing the tax burden on the end consumer.

d. **Input Tax Credit (ITC):** GST allows for the utilization of input tax credit, wherein businesses can claim credit for the tax paid on inputs used in the production or provision of goods and services. This helps avoid double taxation and reduces the overall tax liability.

e. GST would apply on all goods and services except Alcohol for human consumption. GST on five specified petroleum products (Crude, Petrol, Diesel, ATF & Natural Gas) would by applicable from a date to be recommended by the GSTC. Tobacco and tobacco products would be subject to GST. In addition, the Centre would have the power to levy Central Excise duty on these products. Exports are zero-rated supplies. Thus, goods or services that are exported would not suffer input taxes or taxes on finished products.

f. **Threshold Exemption:** Small businesses with a turnover below a specified threshold (currently, the threshold is ₹ 20 lakhs for supplier of services/both goods & services and ₹ 40 lakhs for supplier of goods (Intra–Sate) in India) are exempt from GST. For some

Threshold Exemption: Small businesses with a turnover below a specified threshold (currently, the threshold is ₹ 20 lakhs for supplier of services/both goods & services and ₹ 40 lakhs for supplier of goods (Intra–Sate) in India) are exempt from GST. For some special category states, the threshold varies between ₹ 10-20 lakhs for suppliers of goods and/or services except for Jammu & Kashmir, Himachal Pradesh and Assam where the threshold is ₹ 20 lakhs for supplier of services/both goods & services and ₹ 40 lakhs for supplier of goods (Intra–Sate). This threshold helps in reducing the compliance burden on small-scale businesses.

g. **Composition Scheme:** The composition scheme is available for small taxpayers with a turnover below a prescribed limit (currently ₹ 1.5 crores and ₹ 75 lakhs for special category state). Under this scheme, businesses are required to pay a fixed percentage of their turnover as GST and have simplified compliance requirements.

h. **Online Compliance:** GST introduced an online portal, the Goods and Services Tax Network (GSTN), for registration, filing of returns, payment of taxes, and other compliance-related activities. It streamlined the process and made it easier for taxpayers to fulfill their obligations.

i. **Anti-Profiteering Measures:** To ensure that the benefits of GST are passed on to the consumers, the government established the National Anti-Profiteering Authority (NAA). The NAA monitored and ensured that businesses do not engage in unfair pricing practices and profiteering due to the implementation of GST. All GST anti-profiteering complaints are now dealt by the Competition Commission of India (CCI) from 1st December, 2022.

j. **Increased Compliance and Transparency:** GST aims to enhance tax compliance by bringing more businesses into the formal economy. The transparent nature of the tax system, with the digitization of processes and electronic records, helps in curbing tax evasion and increasing transparency.

k. **Sector-specific Exemptions:** Certain sectors, such as healthcare, education, and basic necessities like food grains, are given either exempted from GST or have reduced tax rates to ensure affordability and accessibility.

l. Accounts would be settled periodically between the Centre and the States to ensure that the credit of SGST used for payment of IGST is transferred by the Exporting State to the Centre. Similarly, IGST used for payment of SGST would be transferred by the Centre to the Importing State. Further, the SGST portion of IGST collected on B2C supplies would also be transferred by the Centre to the destination State. The transfer of funds would be carried out on the basis of information contained in the returns filed by the taxpayers.

It's important to note that the GST framework is subject to changes and amendments are passed based on the evolving needs of the economy and the Government's policy decisions.

The tax came into effect from 1 July 2017 through the implementation of the One Hundred and First Amendment of the Constitution of India by the Indian government. Goods exempted from GST are - Petroleum products, Alcohol, Khadi products, etc. Chairman of Central Board of Indirect Taxes - Shri Pranab Kumar Das.

Chapter 2
COMPANY PROFILE

Central Board of Direct Taxes (CBDT) - UPSC Notes. The Central Board of Direct Taxes (CBDT) is the aut
hority vested with the responsibility of the administration of laws related to direct taxes through the Department of Income Tax.

Establishment and Authority:

Formation: CBDT was established on 1st July 1961 through the Central Board of Revenue Act, 1963.

Constitution: It is constituted under the Central Board of Revenue Act, 1963, and functions under the Central Board of Revenue (CBR), which later became the Department of Revenue under the Ministry of Finance.

Powers: CBDT exercises control and supervision over the entire direct tax machinery in India, including the Income Tax Department.

Functions and Responsibilities:

Policy Formulation: CBDT is responsible for formulating policies and directing the administration of direct taxes, including income tax, corporate tax, capital gains tax, and wealth tax.

Tax Administration: It oversees the functioning of the Income Tax Department, which includes assessing, collecting, and enforcing direct taxes across the country.

Legislative Functions: CBDT plays a crucial role in drafting and amending direct tax laws, rules, and regulations. It also provides inputs to the government on tax policy matters.

Dispute Resolution: CBDT handles various tax disputes, appeals, and litigation matters, including those related to income tax assessments and appeals before appellate authorities and courts.

International Taxation: CBDT deals with matters related to international taxation, including tax treaties, transfer pricing regulations, and exchange of tax-related information with other countries.

Taxpayer Services: It oversees initiatives aimed at improving taxpayer services, such as providing guidance, issuing clarifications, and implementing taxpayer-friendly measures to enhance compliance and ease of doing business.

Organizational Structure:

Chairperson: The CBDT is headed by a Chairperson, who is typically a senior Indian Revenue Service (IRS) officer.

Members: CBDT comprises several members, including the Chairperson and other members who are IRS officers.

Directorates: The CBDT is supported by various directorates and units, each responsible for specific functions such as assessment, international taxation, legal affairs, and taxpayer services.

Conclusion:

The Central Board of Direct Taxes (CBDT) is the apex body responsible for administering direct taxes in India. With its wide-ranging functions and authority, CBDT plays a crucial role in formulating tax policies, ensuring tax compliance, resolving tax disputes, and providing taxpayer services, thereby contributing to the overall tax administration and revenue collection efforts of the Government of India.

The CGST department refers to the Central Goods and Services Tax department, which is part of the broader framework of the Goods and Services Tax (GST) regime in India. Here's an overview:

Establishment and Authority:

The CGST department refers to the Central Goods and Services Tax department, which is part of the broader framework of the Goods and Services Tax (GST) regime in India. Here's an overview:

Establishment and Authority:

Formation: The CGST department was established following the implementation of GST on July 1, 2017.

Constitution: It operates under the authority of the Central Board of Indirect Taxes and Customs (CBIC), which is a part of the Department of Revenue under the Ministry of Finance, Government of India.

Powers: The CGST department is vested with the responsibility of administering and enforcing Central Goods and Services Tax (CGST) laws and regulations.

Functions and Responsibilities:

Tax Administration: The primary function of the CGST department is the administration and enforcement of CGST laws, which include levying and collecting tax on intra-state supplies of goods and services.

Registration: It is responsible for the registration of taxpayers liable to pay CGST, including the issuance of registration certificates and related compliance requirements.
Assessment and Audit: The department conducts assessments and audits to ensure compliance with CGST provisions, including verification of returns filed by taxpayers and audit of their financial records.

Refunds and Rebates: It processes claims for refunds and rebates of CGST paid on inputs or exports, ensuring timely disbursal of eligible amounts to taxpayers.

Enforcement: The CGST department carries out enforcement activities to prevent tax evasion, including inspection, investigation, and prosecution of cases involving tax fraud or non-compliance with GST laws.

Education and Outreach: It conducts awareness programs, workshops, and seminars to educate taxpayers and stakeholders about CGST provisions, compliance requirements, and best practices.

Organizational Structure:

Commissionerate: The CGST department operates through various commissionerates across different regions of the country, each headed by a Commissioner.

Officers: The department comprises officers such as Assistant Commissioners, Deputy Commissioners, and Joint Commissioners, who are responsible for implementing CGST laws and regulations at the ground level.

Supporting Staff: Besides officers, the department includes supporting staff involved in administrative, technical, and clerical functions to facilitate tax administration and taxpayer services.

Chapter 3

Literature Review

Nitin Kumar (2014) studied, “Goods and Service Tax- A Way Forward” that implementing GST in India would help in removing current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations.

Nishitha Guptha (2014) in her study stated that by implementing GST would give many benefits to our country which is not given by current tax structure and will benefit the economy. Hence GST would benefit the industry, trade, consumers and Government.

Dr. R. Vasanthagopal (2011) studied,“GST in India: A Big Leap in the Indirect Taxation System” and concluded that GST is a broad based, single, comprehensive tax levied on goods and services in which, the seller may claim the input credit of tax which he has paid while purchasing the goods, the final consumer will bear only the GST charged by the last dealer in the supply chain.

Chapter 4

Research Methodology

The study focuses on wide study of secondary data collected from various books, National & international Journals, published government reports, publications from various websites which focused on various aspects and important of Goods and Service tax.

Learn What GST is: A single tax on goods and services that replaced many other taxes The implementation of GST in India has streamlined tax administration, reduced tax evasion, and fostered interstate commerce, leading to enhanced economic efficiency and GDP growth. However, challenges such as compliance burden for small businesses and initial adjustment issues have also been observed.

Chapter 5

Problem Statement

GST has significantly impacted the Indian economy since its inception in 2017. It simplified the tax structure, boosted GDP by formalizing the economy, and created a unified national market. While it initially led to inflationary pressure, it's expected to have a neutral or disinflationary impact in the long run. Small businesses faced challenges initially, but the government introduced measures to ease compliance. Overall, GST accelerated digital transformation, but implementation challenges persist, requiring ongoing reforms for broader economic benefits.

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Chapter 6

Need of Study

1. Understanding the comprehensive effects of GST implementation on the Indian economy.
2. Evaluate the efficiency and effectiveness of GST in reducing tax evasion and promoting compliance.
3. Assess the implications of GST on businesses, in terms of operational costs and competitiveness.
4. Analyse the impact of GST on consumer behaviour, inflation, and overall purchasing power.
5. To Provide insights for policymakers to refine GST policies and address any identified challenges or bottlenecks in its implementation.

Chapter 7

Objectives of study

- To Know the impact of GST on Indian economy.
- To know the prerequisite of GST on India economy.
- To analyze how GST is helpful than earlier tax system.
- To know the advantages and challenges of GST in Indian situation

Chapter 9

Hypothesis

- H0:- GST has no effect on industries nor on the standard of living of residents in Indian economy.

- H1:- GST has positive effect on industries and on the standard of living of residents in Indian economy.

Chapter 10

Limitations of Study

Complexity and Compliance Challenges:

Despite efforts to simplify the tax regime, GST compliance remains a challenge for many businesses, especially small and medium enterprises (SMEs). The complexity of GST laws and frequent changes in compliance requirements can be overwhelming.

Transition Challenges:

The transition to GST caused disruptions in the initial phase, affecting businesses' operations and supply chains. Some sectors experienced short-term adverse effects on profitability and cash flow.

High Tax Rates:

Certain goods and services are subject to high GST rates, which can lead to increased prices for consumers and impact consumption patterns. This is particularly burdensome for essential commodities and sectors with thin profit margins.

IT Infrastructure Issues:

The GSTN (Goods and Services Tax Network) portal, which manages GST filings and compliance, has faced technical glitches and operational issues, leading to delays and frustration among taxpayers.

Compliance Costs:

Compliance with GST regulations entails administrative expenses for businesses, including investment in accounting software, hiring tax professionals, and training employees. These costs disproportionately affect small businesses and startups.

Inequitable Impact:

GST's impact varies across sectors and regions, leading to disparities in economic outcomes. Some sectors, such as services, faced higher tax burdens post-GST implementation, while others benefited from reduced tax rates.

Chapter 11

Data Analysis & Interpretation

Analyzing the impact of GST on the Indian economy involves examining various economic indicators before and after its implementation. Here's a data-driven analysis and interpretation:

Growth in GDP:

Pre-GST: Before GST implementation, India's GDP growth rate fluctuated between 7% to 8%.
Post-GST: After GST rollout in July 2017, GDP growth initially slowed down due to transitional disruptions but gradually recovered. By 2019, GDP growth stabilized around 6% to 7%.

Tax Revenue:

Pre-GST: Indirect tax revenue was fragmented among multiple taxes, resulting in inefficiencies and revenue leakages.
Post-GST: GST streamlined the tax structure, leading to increased tax compliance and revenue collection. Indirect tax collections showed significant growth post-GST implementation.

Manufacturing Sector:

Pre-GST: The manufacturing sector faced challenges due to cascading taxes and complex supply chains.
Post-GST: GST simplified tax compliance for manufacturers, promoting efficiency and reducing logistics costs. However, the sector experienced initial disruptions during the transition period.

Services Sector:

Pre-GST: Service tax rates varied across different services, leading to complexities and disputes.

Post-GST: GST brought uniformity in tax rates for services, benefiting the sector. However, certain services faced higher tax rates post-GST implementation, impacting profitability.

Export and Import:

Pre-GST: Exporters faced challenges such as input tax credit blockages and delays in tax refunds under the erstwhile tax regime.

Post-GST: GST streamlined export procedures and facilitated faster clearance of goods at ports, enhancing export competitiveness. However, exporters initially faced liquidity issues due to delayed refunds.

Consumer Price Index (CPI):

Pre-GST: CPI inflation was influenced by multiple indirect taxes, contributing to price volatility.

Post-GST: GST aimed to rationalize tax rates and reduce tax cascading, which could potentially lead to lower CPI inflation. However, the impact on CPI inflation varied across sectors due to changes in tax rates.

Ease of Doing Business:

Pre-GST: India's ranking in the Ease of Doing Business Index was affected by complexities in tax compliance and logistics.

Post-GST: GST reforms improved India's ranking in the Ease of Doing Business Index by simplifying tax procedures and promoting a unified market.

Overall, the data suggests that while GST has brought significant reforms to India's tax system, including increased tax compliance, streamlined processes, and improved ease of doing business, it also posed challenges during the initial transition period. Ongoing reforms and policy adjustments are essential to address the remaining issues and maximize the benefits of GST for the Indian economy.

Impact of GST on Indian Economy

It may increase the flow of FDI.

- GST will increase the government's revenue in the long.
- A single tax would help in lowering the final selling price for the consumer.
- GST will facilitate ease of doing business in India.
- It will reduce the cost of tax compliance and transaction cost.
- It will create more employment opportunities.
- GST would append to government revenues by widening the tax base.
- Uniformity in tax laws will lead to single point taxation for supply of goods or services all over India.
- It will also reduce litigation and waste of time of the judiciary and the assess due to frivolous proceedings at various levels of adjudication and appellate authorities.
- Reduce tax burden on producers and build a fire under growth at the hand of more production. This replicate taxation prevents manufacturers from producing to their optimum capacity and retards growth.
- There will be more transparency in the system as the customers would know exactly how much taxes they are being charged and on what base.
- GST would also help in removing the custom duties on exports. Our competitiveness in foreign markets would increase on account of lower cost of transaction.

GST IMPACT ACROSS SECTORS

TECH

GST will eliminate multiple levies. It will also allow deeper penetration of digital services. Duty on manufactured goods will increase from 14-15% to 18%, so electronic products would be expensive.

FMCG

Companies could stir substantial savings in logistics and distribution costs as requirement for countless sales depots will be eliminated. FMCG companies have to pay around 24-25% tax and GST would help in reduction of tax. Reduction of overall tax rates.

ECOMMERCE

GST will help create a single unified market across India and allow free movement and supply of goods in every part of the country. It will also eliminate the cascading effect of taxes on customers which will bring efficiency in product costs.

TELECOM

Handset prices likely to come down/even out across states. Manufacturers are further likely to come through with flying colours on to consumers charge benefits they will earn from consolidating their warehouses and efficiently managing inventory. For handset makers, GST will require ease of doing job as they take care of no longer require to strengthen state adamant entities and relinquish stocks to them and invest heavily into logistics of creating warehouses in each state across the country. Call charges, data rates will go up if tax rate in the GST regime exceeds 15%. Tower firms won't be able to set off their input duty liabilities.

AUTOMOBILES

On road price of vehicles could drop by 8%. Lower price can be construed as indirect stimulus to boost the volume. The demand for commercial vehicles may increase. GST will help in reducing the time at check-posts, and will ease logistics hurdles. With fleet productivity increasing, operators may not feel the need to expand the midterm.

MEDIA

Service tax and entertainment tax are levied on DTH, film producers and multiplex players. GST will captivate major critical point and dreariness in businesses. Taxes could go down by 2-4%. Multiplex chains will amass on revenues as there will be in a superior way uniform load, unlike current high outlay of entertainment thorn in one side levied by different states. GST will be a carrying a lot of weight boon to silver screen producers and studios that currently conclude service tax on most of their charge, but cannot charge input credit on creative services as they fall under the negative list. Under GST, they will be able to claim credit of these services also, which will help is lowering the overall cost.

INSURANCE

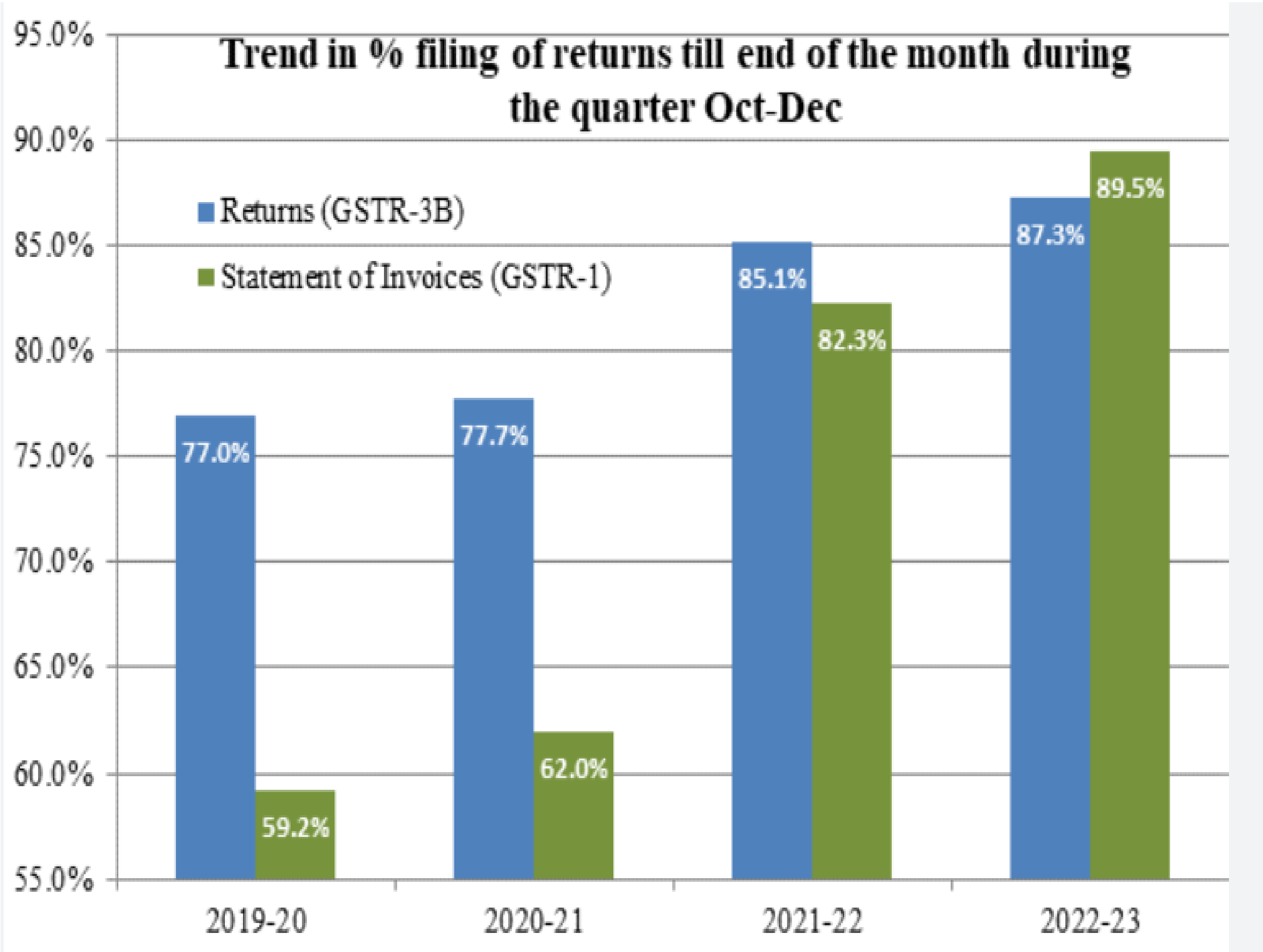
Insurance policies: life, health and motor will begin to cost more from April 2017 as taxes will increase.

AIRLINES

Airlines may become expensive, as service tax will be replaced by GST. Earlier service tax on air tickets were 5.6% on economy class and 8.4% on business class . Now rate of GST on economy class would be 5% and 12% on business class.

CEMENT

Currently tax rates on cement are 27% - 32% but GST will bring down the rate to 18-20%. It will help in reduction in logistics costs. India is second largest producer of cement in the world.


Trend in % filing of returns till end of the month during the quarter Oct-Dec
Returns (GSTR-3B)
Statement of Invoices (GSTR-1)
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
65.0%
60.0%
55.0%
77.0%
59.2%
77.7%
62.0%
85.1%
82.3%
87.3%
89.5%
2019-20
2020-21
2021-22
2022-23

Chapter 12

Findings & Suggestions

Findings

Simplified Tax Structure:

GST has replaced multiple indirect taxes with a single, unified tax regime, simplifying the tax structure and reducing compliance burdens for businesses.

Increased Tax Compliance:

GST has led to improved tax compliance and administration, resulting in higher tax revenue collections and a broader tax base.

Streamlined Supply Chains:

GST has facilitated smoother interstate trade by removing state-level barriers and reducing logistical complexities, leading to enhanced efficiency in supply chains.

Boost to Formalization:

GST has encouraged the formalization of the economy by incentivizing businesses to register and comply with tax regulations, thereby reducing the prevalence of the informal sector.

Promotion of Digital Transactions:

GST implementation has encouraged the adoption of digital payment systems and online tax filing, contributing to the digitization of the economy.

Suggestions

Simplify Compliance Procedures:

Despite efforts to simplify tax compliance, there is still room for further simplification, especially for small and medium-sized enterprises (SMEs).

compliance procedures and reducing paperwork can alleviate the compliance burden on businesses.

Address Transitional Challenges:

The transition to GST caused disruptions for businesses, particularly during the initial phase. Providing adequate support, such as training programs and financial assistance, can help businesses adapt to the new tax regime more smoothly.

Rationalize Tax Rates:

Reviewing and rationalizing GST tax rates, especially for essential goods and services, can help alleviate the burden on consumers and promote affordability.

Enhance GSTN Infrastructure:

Improving the GSTN portal's infrastructure and addressing technical glitches can enhance the efficiency of tax filing and compliance processes.

Focus on Sector-Specific Challenges:

Certain sectors, such as agriculture and real estate, have unique challenges related to GST compliance and taxation. Tailoring policies and exemptions to address sector-specific concerns can promote growth and sustainability.

Chapter 13

Conclusion

- In conclusion, that’s why the Goods and Services Tax (GST) has brought about significant changes to the Indian economy since its implementation in 2017.

- It has simplified the tax structure, boosted GDP growth by formalizing the economy, and created a unified national market.

- While there were initial challenges such as inflationary pressure and compliance issues for small businesses, the long-term benefits are expected to outweigh these challenges.

- GST has accelerated digital transformation and enhanced tax compliance. However, ongoing reforms are necessary to address implementation challenges and ensure that the benefits of GST are realized across all sectors of the economy. Overall, GST has been a crucial reform in India's tax system, paving the way for a more efficient and transparent taxation regime.

- On The basis of the findings of the study, there is a positive effect of GST on industries and on the standard of living of residents of India, thus (H0) Null hypothesis is rejected.

Chapter 14

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