

Influence of GST on Indian Economy (A Study of financial status)

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Abstract: Goods and Services Tax (GST) is a universal indirect tax to be levied on sale, manufacture, consumption of goods and services. The ground laying aim of GST is to make uniform the scattered indirect tax system in India and avoid the cascading effect in taxation. As GST is a destination based tax, a significant number of the industrialized states were worried that its acquaintance would lead with loss of revenues. It took about 17 years of huge exertion with respect to various political pioneers, senior officers, charge specialists and different partners before GST was propelled on 1 July 2017. As we approach the culmination of second year of GST in India, this investigation is planned to look at the effect of GST on economy by the method for illuminating the income gathering information of India in post GST era and change in number of taxpayers. The Study is Exploratory in nature and Secondary Data has been used for the study. The data has been collected from different Journals, Periodicals, Newspapers and Internet.

Keywords: Goods and service tax, Economic growth, Impact, revenue generation.

1. INTRODUCTION

Execution of GST has been loaded with difficulties because of the federal structure which revered in our Constitution. The Seventh Schedule of the Constitution depicts division of forces between the centre and the states with help of three lists — the Union list, the state list and the concurrent list. In the pre-GST period, the states were enabled to collect taxes on sale of goods, which was one of their significant wellsprings of income. Presentation of GST implied that this tax alongside numerous other central and state charges would get subsumed into GST. This issue has been resolved by having dual GST as it enables the center and the states to concurrently levy GST. Other than that, GST being a destination based tax, a significant number of the industrialized states were worried that its acquaintance would lead with loss of incomes. There was additionally a component of vulnerability about how the new GST routine would play out. The states needed an affirmation from the central government that their incomes would be secured. The centre concurred not exclusively to secure their incomes yet additionally accommodate 14% ostensible development consistently for a time of five years. If there should arise an occurrence of income deficiency, the states are being remunerated through the compensation cess demanded on select substandard and luxury merchandise. Likewise, many obstacles were overcome by government to improve the taxation system which ultimately leads to more revenue generation.

2. REVIEW LITERATURE

Shefali Dani in her research paper ,Impact of Goods and Service Tax (GST) on Indian Economy (2016) : Expressed that the proposed GST routine is a pitiful endeavor to support indirect tax structure. In excess of 150 nations have executed GST. The legislature of India should ponder the GST regime set up by different nations and furthermore their aftermaths before actualizing it. In the meantime, the administration should make an endeavor to protect the immense poor populace of India against the probable inflation because of usage of GST. Most likely, GST will improve existing tax system and will evacuate wasteful aspects made by the current heterogeneous tax collection framework, just if there is a reasonable accord over issues of edge limit, income rate, and inclusion of oil based goods, power, alcohol and land. Until the agreement is achieved, the administration should oppose from executing such system.

Jadhav Bhika in his research article named IMPACT OF GST ON INDIAN ECONOMY (2017), stated that GST System is fundamentally rebuilt to disentangle current basic Indirect Tax framework in India. An all-around planned GST is an appealing strategy to get free of disfigurement of the current procedure of various tax collection additionally government has guaranteed that GST will diminish the compliance load. There will be no value distinction between imported merchandise and Indian products and they would be taxed at a similar rate and furthermore costs will be same. Numerous Indirect Taxes like Sales Tax, VAT, administration charge and so forth., will be decreased on the grounds that there will be one of a kind tax framework i.e. GST, that will diminish recognition present burden. GST will confront numerous difficulties after its execution and will result to give numerous advantages.

Dr. Mishra Namita in her study, Impact of GST on Indian Economy (2018) :referenced that A solitary tax assessment framework would energize new organizations and business people to participate in administration and manufacturing sector. GST levied distinctly on utilization of goods or services .This prompts take out financial contortions in tax collection among states and furthermore helps in free movement of merchandise ,further it likewise limit the complexity of tax assessment. It will likewise advantageous to people as the costs will go down due to GST and decline in cost prompts increment in utilization and straightforwardly increment the GDP. As GST execution connected at once for all states absence of arrangement obstruction will evacuated. Legitimately GST will build the interest in FDIs which increment the remote exchequer of the nation and will enhance the work openings. It will advance new companies in India for its business-accommodating assessment structure.

Manoj Songara in his research paper, 'Goods and Services Tax (GST) in India—An Overview and impact'(2019), expressed that the usage of GST would clear path for a straightforward and reasonable tax system and would likewise help in staying away from any tax avoidance occurring at any dimension. Thus, part being said and done, an appropriate usage would reveal whether "GST is a boon or curse. All segments in India - producing, administration, telecom, vehicle and so on will bear the effect of GST. While contrasting difficulties and its favorable circumstances, it is obviously noticeable that its advantages are more compared to difficulties; GST will give Indian economy a solid and brilliant duty framework for financial improvement. In any case, for picking up those advantages, nation should assemble solid system.

3. RESEARCH METHODOLOGY

The study attempts at descriptive analysis based on the secondary data sourced from journals articles and media reports. Available secondary data was extensively used for the study.

4. OBJECTIVE

- I. To understand the concept of GST.
- II. Variation in number of taxpayers after advent of GST
- III. Impact of GST on revenue collection.

5. STRUCTURE OF INDIAN GST

India has embraced double GST model in light of its federal government nature. Under this model, tax is demanded simultaneously by the Center just as the States on a common base, for example supply of merchandise or services or both. GST to be levied by the Center would be called Central GST (Central expense/CGST) and that to be levied by the States would be called State GST (State Tax/SGST). State GST would be called UTGST (Union region charge) in Union Territories without governing body. CGST and SGST/UTGST will be imposed on all assessable intra-State supplies.

The IGST Model: Inter-State supply of merchandise or administrations will be exposed to integrated GST (Integrated duty/IGST). The IGST Model conceives that Center would demand IGST (Integrated Goods and Service Tax) which would be CGST in addition to SGST on all between State supply of products or services or both. The real points of interest of IGST Model are:

- I. Maintenance of continuous ITC(Input Tax Credit) chain on inter State exchanges.
- II. No forthright payment of tax or substantial blockage of funds for the inter State provider or beneficiary.
- III. No refund claim in exporting State, as ITC is spent while paying the tax.
- IV. Self-checking model.
- V. e) Model takes 'Business to Business' as well as 'Business to Consumer' exchanges into account.

Assessment Rates: Owing to special Indian financial milieu, four rates in particular 5%, 12%, 18% and 28% have been embraced. Moreover, a few goods and services are excluded too. Rate for valuable metals and moderate lodging are an exception to 'four-tax-slab rule' and the equivalent has been fixed at 3% and 1% separately. Also, unworked jewels, valuable stones, and so on draws in a rate of 0.25%. A cess over the pinnacle rate of 28% on certain predetermined luxury and demerit merchandise, similar to tobacco and tobacco items is imposed to compensate States for any income loss by virtue of implementation of GST.

E-Way Bill System: It envisages one e-way bill for movement of the products all through the nation for ensuring an issue free movement for transporters all through the nation. The e-way bill framework has been presented across the nation for inter-state movement of products with effect from 01.04.2018. New highlights in the e-way bill framework have been presented, for example, the auto calculation of distance based on PIN codes for the generation of e-way bill and stopping the generation of various e-way bills against one receipt.

Impact of GST on number of Taxpayers

The Goods and Services Tax (GST) execution had expanded indirect taxpayer base by more than 50 percent- a substantial 3.4 million, in initial months just after the implementation of the law. The Survey, wrote by Chief Economic Advisor Arvind Subramanian, uncovered that GST registrants increased basically by virtue of enormous increment in intentional enrollments, particularly by small enterprises that purchase from large enterprises and need to avail themselves of ITC.(input tax credits). The Survey said the most noteworthy number of GST registrants are in the states of Maharashtra, Uttar Pradesh, Tamil Nadu and Gujarat. Uttar Pradesh and West Bengal have seen enormous increments in the quantity of tax registrants contrasted with the old expense regime. As per the present information, total number of taxpayers are 1,35,43,560 (As on 31st May, 2019), which incorporates migrated as well as new taxpayers. It is obvious that GST has improved the situation of tax framework and furthermore evacuated the issue of tax evasion and avoidance.

Details	As on 31st May, 2019
No. of transited (migrated) taxpayers	66,25,077
Total No. of new applications received for registration	81,37,357
No. of applications approved	69,18,483
No. of applications rejected	11,76,103
Total No. of taxpayers; new + migrated (1 + 3)	1,35,43,560

E-Way Bills

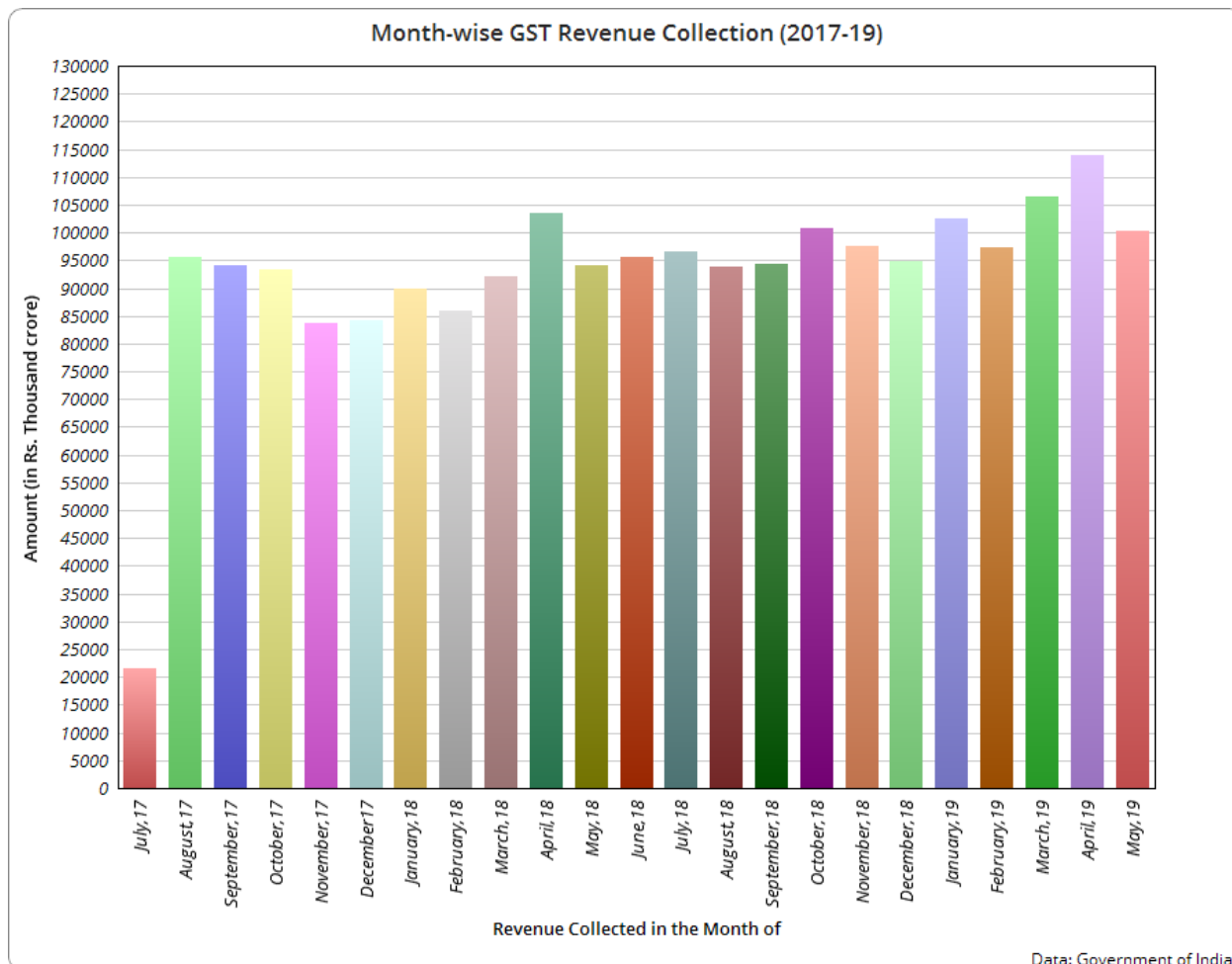
E-Way Bill is an Electronic Way bill for movement of products to be created on the E-Way Bill Portal. A GST enlisted individual can't transport products in a vehicle whose value surpasses Rs. 50,000 without an E-way bill. Inter-State movement of goods has seen ascend in quantities of generation of E-way bills as far back as its execution started from 1st April 2018. State-wise implementation of E-way bill framework has seen a decent reaction with every one of the States and Union Territories joining the league in the generation of E-way bills for movement of products within the State/UT. The data shows that the total number of bill generated in 2018 -19 were 5577 lakhs, whereas, number of taxpayers registered and transporter enrolled were 28.89 lakhs and 0.41 lakhs respectively.

<i>E-Way Bill Status (2018-19)</i>	
No. of E-way Bill Generated	5577 lakhs
No. of inter-state E-way Bill Generated	2487 lakhs
No. of intra state E-way Bill Generated	3090 lakhs
No. of taxpayers registered in EWB	28.89 lakhs
No. of transporters enrolled in EWB	0.41 lakh

Revenue collection

During 2017-18, complete income gathered under GST in the period between August 2017 and March 2018 has been Rs. 7.19 lakh crore. This incorporates Rs. 1.19 lakh crore of CGST, Rs. 1.72 lakh crore of SGST, Rs. 3.66 lakh crore of IGST (Rs. 1.73 lakh crore on imports) and Rs. 62,021 crore of cess (Rs. 5702 crore on imports). For these eight months, the

average month to month accumulation has been Rs. 89,885 crore. After that in the month of April 2018 GST collection crossed Rs 1 lakh crore for the first time, showing that the indirect tax regime was balancing out and that financial restoration was getting pace. In the month of May revenue dropped down to Rs 94,016 crore and again in month of October it again touched the 1 lakh bracket. Later on zigzagged pattern was observed in the trend but again in the month of April 2019 amount jumped to its highest level i.e 1.13 lakh crore, of which CGST was Rs 21,163 crore, SGST was Rs 28,801 crore, IGST was Rs 54,733 crore. The fact that the revenue collection was over 10% higher than the April 2018 shows that the tax base is expanding step by step with GST getting balanced out, with the help of measures like the e-way bills, and effective information mining.



6. CONCLUSION

The presentation of the Goods and Services Tax is a significant advancement in the field of indirect tax reforms in India. By blending countless central and State taxes into a solitary assessment, GST is expected to significantly ease double taxation and make taxation overall easy for the industries. In spite of the fact that there is an extent of progress in this framework however the present information delineates this is a noteworthy improvement over the pre GST period when there was less number of taxpayers and income accumulation was very low. It is expected that the pattern of changes will proceed with spotlight on further streamlining compliances, improvisation in E-Way bill framework, and giving help measures to the specific mechanical areas which have been antagonistically affected after the implementation of GST, guaranteeing quick track clearance for pending export refunds and so forth.

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