



## GST- IMPACT ON VARIOUS SECTORS

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### **Abstract: -**

GST is the most ambitious and remarkable indirect tax reforms in India's post independent history. Its objectives to levy a single national uniform tax reforms tax across India on all the goods and services. GST has replaced a number of central and state taxes, made India more of a national integrated market, and brought more producers into the tax net. By improving more efficiency, it can add substantially to growth as well as government finance. Implementing a new tax, encompassing both goods and services, by the centre and the state in a large and complex federal system, is perhaps unprecedented in modern global tax history. GST is a tax on goods and services with comprehensive and continuous chain of set-off benefit up to the retailer level. It is essentially a tax only on value addition at each stage is permitted to set-off, through a tax credit mechanism, the GST paid on the purchase of goods and services. Ultimately, the burden of GST is borne by end-user of the commodity/ services.

**Keywords: -** GST in India, Indian Economy, CGST, SGST, IGST.

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**Introduction: -** The GST has been an initiative that's has commended broad consensus across the political spectrum. It has also been a model of co-operative federalism in practice with the Centre and State coming together as partners in embracing growth and employment-enhancing reforms. It was a long-awaited reforms and its implementation has validated the

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economy. Given the historic opportunity afforded by the GST of important government action and effective political will to modernize the economy. Given the historic opportunity afforded by the GST, the aim should be to clean up the Indian tax system that had effectively become an exemptions raj with serious consequences for revenues and governance.

**Objectives of the Study:-**

1. To understand the concept of GST and its impact on Indian Economy.
2. To understand the implication of GST for various sectors of the Indian Economy.

**Research Methodology:-**

The data are collected from primary observation and mostly of Secondary data collected from various books, National and international Journals, government website, which focused on various aspects of Goods and Service tax.

**GST and Impact on various Sectors:-**

**A. Higher Investment and Growth:** - An oft-cited study by the National Council of Applied Economic Research (NCAER) suggested that growth would be increase by .9-1.7% of GDP, based on the eliminate of the repetition of taxes on exports. GST is expected to provide a more seamless and efficient crediting of taxes paid on capital goods. If this happens, prices of capital goods would be come down, thereby increasing their demand,boosting investment and hence growth. In fact, investment was discourage under the earlier system through the application of excise duties and VAT to capital goods, for which no set-off or input tax credit was provided. This increased the cost of capital goods and reduced investment, which in turn led to lower employment and output.

**B. Curbing black Money:** -Provided the chain is not broken through wide ranging exemptions, especially on intermediate goods, these self-policing features of GST can work very powerfully. And another aspect is GST will in effect have a dual monitoring structure- one by the state and one by the Centre. Hence there will be greater probability that evasion will be detected. Even if one tax authority overlooks and/or fails to detect evasion, there is the possibility that the other overseeing authority may not.

**C. One-country, One-tax, One-market:** -Following three features for the above statement 1) Central sales tax on inter-state sales of goods. 2) Other numerous inter-state taxes like entry tax. 3) Extensive natures of exemptions from additional

duties of customs [commonly known as countervailing duty (CVD) and special additional duty of customs (SAD).

**D. GST and Business/Industry:** - Following can be the potential benefit of GST for the business and Industries.

- Simplification, Rationalization and Harmonization of Tax system.- GST has taken under its wings 17 indirect taxes(8 Central and 9 State taxes). Central Government levied excise duty/CENVAT on various commodities and the same set of commodities was subjected to Sales Tax/ VAT by the State. In Fact, there was no national policy as regards the burden of taxes on different goods. The scenario has change with the introduction of GST. Apart from reducing the compliance costs, common tax rates procedures across the country would make business tax neutral, irrespective of the choice of place of doing business.
- Mitigation of Tax Cascading:-By amalgamating a large number of Central and State taxes into a single tax and allowing set-off of prior-stage taxes, GST would mitigate the ill implication of cascading and pave the way for a common market. This would reduce hidden costs of doing business. Complete and comprehensive input tax set-off and phasing out of CST would reduce the cost of locally manufactured goods and services. These may lead to lowering of tax burden on an average dealer in industry and trade. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports.
- Easy Compliance: - A robust and comprehensive IT system would be the foundation of GST regime in India. Therefore, all taxpayer services such as registrations, returns, payments, refunds etc. Electronic matching of input tax credits across India will make the process more transparent and accountable.

**E. Reduced Interface between Taxpayer and Tax Collector:** - All interactions under GST are through the common GSTN portal and hence there will be less public interface between the taxpayer and the tax administration. Timelines have been provided for important activities like obtaining registration, refunds etc.

**F. GST and Small-scale Businesses:** -This sector not only plays crucial role in providing large employment opportunities, at comparatively lower capital cost than large industries, but also helps in industrialization of rural and backward areas, thereby reducing regional imbalances throughout the country, and assuring more equitable distribution of national income and wealth to all. Small industries are complementary to large industries as ancillary units and contribute enormously to the um". Economic development of the country. The sector contributes significantly to manufacturing output, employment and exports of the country. GST takes care of the small-scale businesses through: (a) threshold limits, (b) composition scheme and (c) relatively simpler procedures for GST compliance.

**G. GST and Consumers:-**

- Single and purely Transparent Tax Proportion to the Value of Goods and Services.
- Relief in Overall Tax Burden.

**H. GST and Government Revenues:** -Central and State Governments stand to gain from GST in the following manner.

- Simple and Easy to Administer.
- Better Controls on Leakages.
- Higher Revenue Efficiency.
- States' Share in IGST on Imports.

**Conclusion:-**

GST is a major milestone in reforming India's indirect tax system. Replacement of Central excise duties/CENVAT, service tax, States' sales tax/VAT, entry tax and a host of other indirect taxes by the GST would: (a) eliminate cascading effects of commodity taxes, (b) create a national market, and (c) align taxation of imports and exports correctly. It would also improve the competitiveness of production and exports from India. Domestically, it will help civilize governance, built perfect tax institutions, facilitate make-in-India by making-one-India, and impart buoyancy to the tax base.

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