



Impact of GST on Economy

Dr. B. V. Dakore

Asst. Prof. in Commerce

ACS College Shankar Nagar, Tq. Biloli Dist. Nanded

Abstract-

This Paper intends to analyze the impact of GST on Indian Economy. Paper includes meaning of GST, advantages of GST and impact of GST on our Indian Economy.

1) Introduction:-

The economic crisis all over the world. India has posed beacon of hope with ambitious growth targets, Supported by a bunch of strategic undertaking such as the make in India and Digital India campaigns. The GST is another such undertaking that is expected to provide the much needed stimulant for economic growth in India by transforming the existing base of indirect taxation towards the free flow of goods and services. GST is also expected to eliminate the cascading effect of taxes. India is projected to play an important role in the world economy in the years to come. The expectation of GST being introduced is high not only within the country.

2) Objectives of the Research Paper:-

- 1) To know the GST meaning.
- 2) To find out advantages of GST to the Indian Economy.
- 3) To evaluate the impact of GST on Indian Economy.

3) Research Methodology:-

The present Study is mainly based on secondary data. The related data have been collected from the various sources such as research papers, Journals, Books and Internet websites.

4) Goods and Service Tax:-

Goods and services tax is an indirect tax used in India on the supply of goods and services. It is a comprehensive, multistage, destination based tax. The taxes come 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. The tax rates, rules and regulations are governed by the GST council which consists of the finance ministers of the central government and all the States.

5) Advantages of GST to the Indian Economy:-

Following are the some important advantages of GST..

1. Removal of cascading effect of Taxes.
2. Increased demand and consumption of goods.
3. Control of black money circulation in economic system.
4. Boost to the Indian economy in the long run period.
5. Lowering the burden of common man.

6) Impact of GST on Indian Economy:-

The implementation of GST has significantly affected the Indian economy in the following areas.

6.1 Simplified Tax structure:-

GST has simplified the taxation system of the country. As GST is a single tax, calculation tax at the multiple stage of the supply of chain become easier. Through this, both customers and manufactures gets a clear idea of the amount of tax they are charged and its basis, further, hassles of handling tax official authorities can also be avoided.



OUR HERITAGE

ISSN Online: 0474-9030 Vol-68, Special Issue -7

Impact Factor (2020) - 6.8

Special Issue on "Tax Reform for Developing Viable and Sustainable Tax System in India"



6.2 Enhanced Production:-

As per Indian retail Industry. The total tax component is around 30% of the product cost. Due to Impact of GST, the taxes have gone down, at the end consumer has to pay lesser taxes. The reduced burden of taxes has enhanced the production and growth of the retail and other Industries.

6.3 Supports to SME

Small and medium enterprises can now register under the composition scheme introduced by GST. Through this scheme they can pay taxes according to their annual turnover. Therefore, business having annual turnover of Rs. 1.5 Crore only have to pay 1% GST moreover, other enterprises having a turnover of Rs. 50 Lakh are required to pay 6% as GST.

6.4 Increased Pan India Operations:-

Companies can now avoid taxation roadblocks, Such as toll plazas and crick posts earlier this created problems, Inducing damage to unpreserved Products while transporting them. So, Manufacturers had to Keep buffer stock to make up for the damages. These overhead cost of storing and warehousing hampered their profit A single taxation system has reduced these problems. The can now transport their goods easily across India this has resulted in the improvement of their pan India Operations.

6.5 Enhanced Export:-


The Introduction of GST has helped merge the taxes of the state and central government. This has helped remove the cascading effects of multiple faces. Therefore, the burden of taxes has reduced for companies and customers. Not just these tax payers have increased in number and hence, the tax revenues have, also increased significantly. The overall taxation system is now easier to administer. Moreover, small and medium sized enterprises are able to enhance their businesses. It is expected that GST will help more Indian organizations to establish themselves in the international markets.

Conclusion:-

GST has positive as well as some negative benefits towards Indian economy. GST has impact on various areas such as simplified tax structure, enhanced production, support to SME, Increased Pan operations and Enhanced exports.

References:-

- [1] www.wikipedia.org
- [2] www.deskera.in
- [3] Www. ampproject.org


Department of _____
A. C. S. College, Shankarnagar
Tq. Biloli Dist. Nanded.



Impact of GST on Small and Medium Sized Enterprises in India

Dr. Balaji Vitthalrao Dakore

Assistant Professor & Research Guide

Arts, Commerce & Science College, Shankarnagar

Tq. Biloli Dist. Nanded-431505

Email- balajidakore@gmail.com / dakorebalaji@gmail.com

Abstract:

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Goods and Services Tax Act came into force on 1st July 2017; Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. Therefore, the Goods and Service Tax is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India. GST is one indirect tax for the entire country. The tax will be levied at every point of sale under the GST regime. In case of intra-state sales, Central GST and State GST will be charged. Inter-state sales will be chargeable to Integrated GST.

Key Words: GST, Small and Medium sized enterprises, Impact of GST on SME

Introduction:

Government needs very large fund for the overall development of the nation. Government collect the fund from the various sources such as issue of shares, debentures etc. of which taxation is one of the major revenue sources of the government which plays an important role in the development of Indian economy. Before the introduction of Goods and Services tax, taxation comprises direct taxes and indirect taxes. Direct taxes implies, the impact and incidence of the tax are falls on the same person i.e. the burden of tax are not transferred from one person to another person. In direct tax the liability of paying the tax is on the assessee e.g. income tax, wealth tax etc. on the other hand, the impact and incidence of the tax are falls on the different persons is called indirect tax i.e. the liability of paying the tax are falls on the one person and burden of tax transferred to other person e.g. sales tax, excise duty, service tax etc.

In indirect tax regime, there were so many taxes such as excise duty, customs duty, sales tax, entertainment tax, and luxurious tax etc. which affect the consumer at large by way of levying tax on tax. After the introduction of the Goods and Services tax all these indirect taxes are subsumed into the Goods and Services Tax.

GST introduced by the Indian Government at historical midnight on 30th June-1st July, 2017 in India and from 1st July, 2017 GST has been enforced all over the India. In GST regime, there are three types of taxes such as CGST (Central Goods and Services Tax which is governed by the central government), SGST/UTGST (State Goods and Services Tax/Union Goods and Services Tax which is governed by respective state government and union territory government) and IGST (Integrated Goods and Services Tax which is governed by the central government by the central government).

Objective of Research Paper:

The main of this research article is to know the impact of Goods and Services tax on small and medium size businesses in India.



OUR HERITAGE

ISSN Online: 0474-9030 Vol-68, Special Issue -7

Impact Factor (2020) - 6.8

Special Issue on "Tax Reform for Developing Viable and Sustainable Tax System in India"



Methodology:

The research article is descriptive in nature. The data which is required for this research article collected through the various GST books, research articles, research papers, various online sources, government websites etc.

Impact of GST on Small and Medium Size Businesses in India:

Before the implementation of GST, there were various taxes which were imposed by the central government and state government. Business owners of small and medium enterprises were under the liability of various taxes in indirect tax regime. They have to approach the various departments to finish the work or certification related to the tax. In indirect tax regime, small and medium business owners were comes under liability to pay the tax up to 32%. When Goods and Services Tax (GST) was imposed the small and medium enterprises are now liable to pay 18 to 22 percent of tax which is much lesser to the previous tax and also the small and medium enterprises do not have to visit the distinct departments for the purpose of paying the various taxes. Goods and Services Tax has a huge impact on the medium and small enterprises.

Impact on the medium and small enterprises

1. Before the implementation of the Goods and Services Tax (GST), there is must of Value Added Tax (VAT) registration for all the business. Registration under The Value Added Tax (VAT) was different in every state. The rules and regulations were also different. The entire process was quite confused. However, after the imposition of Goods and Services Tax (GST), there is only one registration is required under the GST which is controlled by the Central government. So, Goods and Services Tax (GST) is building a platform for the new business in the country. It gives an opportunity to start a new work or business.
2. It is compulsory on the part of every business to pay the Value Added Tax (VAT) if the annual turn comes out to be more than Rs. 5 lakh in some states and in some other states it is more than Rs. 10 lakh. The different Value Added Tax (VAT) creates confusion for the business. However, after the implementation of Goods and Services Tax (GST), businesses are not required to pay the Goods and Services Tax (GST) if the annual turnover will be less than Rs. 10 lakh or to register when the annual turnover of the business is Rs. 10 lakh. This provision is applicable to all the states. The provision is helpful for all the small or medium businesses, having a turnover between 5 lakh to 10 lakh, to avert applying for the return of Goods and Services Tax (GST).
3. Goods and Services Tax (GST) provides a platform for small and medium-sized businesses to work in India by using their skill. There is less confusion or complexity after the Goods and Services Tax (GST) provision. Now, there will be no difference between the goods and services and at last, this will help in making the compliance easy.

Conclusion:

It is conclude that, after the implementation of Goods and Services Tax, the complexity of tax compliances are very less which was very large in the previous tax system. GST provides a stand to the small and medium business owner's o work in India by applying their own ability and skills. This tax system (GST) also provides the simple tax compliance process to the taxpayer as compared to the indirect tax system. Hence, there is a huge impact of GST on small and medium enterprises which is beneficial for these enterprises.

References:

- [1] <https://cleartax.in> visited on 18th January, 2020
- [2] Goods Services Tax Act, 2017
- [3] Kamthe P. & Patil M., Goods and Services Tax- An Overview



OUR HERITAGE

ISSN Online: 0474-9030 Vol-68, Special Issue -7

Impact Factor (2020) - 6.8

Special Issue on *"Tax Reform for Developing Viable and Sustainable Tax System in India"*




[4] Goods and Services Tax, Matrubhasha Publication, Nanded

[5] www.gst.gov.in

[6] www.gstcouncil.gov.in

[7] www.cbcs.gov.in


Department of _____
A. C. S. College, Shankarnagar
Tq. Biloli Dist. Nanded.