71

Vidyawarta UGC Jr.No.62759 UGC Approved Refereed Journal

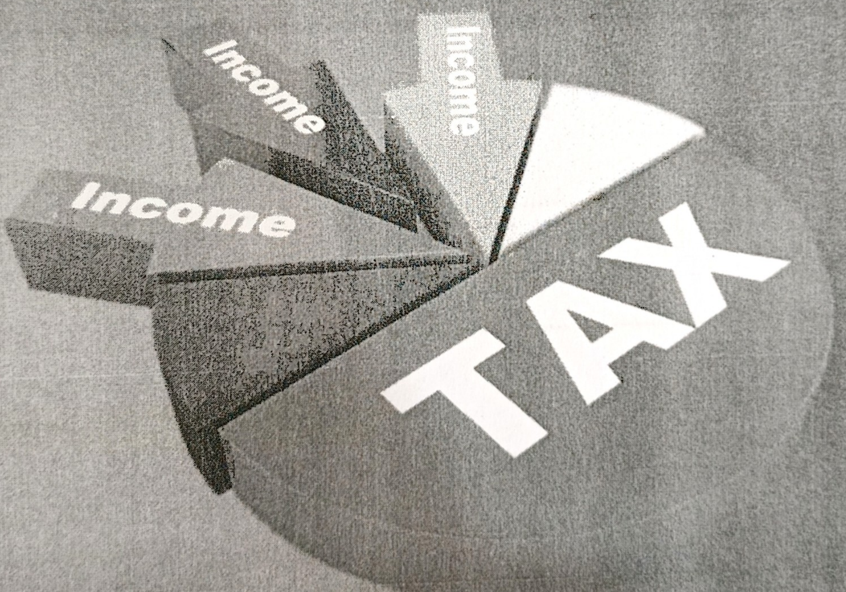
Special Issue February 2018

MAH/MUL/03051/2012
ISSN-2319 9318

Vidyawarta®

International Multilingual Research Journal.

Impact of GST



Editor
Prof.Virag S.Gawande
Dr.Sanjay j. Kothari
Dr. Dinesh W.Nichit

Published By
Sant Gadge Maharaj Art's Comm,Sci Collage Walgaon, Dist . Amravati
&
Aadhar Social Research Development Training Institute, Amravati.

|| Index ||

Conclusion :-

GST is the most logical steps towards the comprehensive indirect tax reforms in our country.

· There is no doubt GST will simplify existing indirect tax system & will helps to remove inefficiencies created by the existing current heterogeneous taxation system but it is essential that, there is a clear consensus over various issues like revenue rate and inclusion of petroleum products, electricity liquor & real estate.

· GST will become good & simple, only when the entire country works as a whole towards making it successful.

References :-

1) GST India (2015) Economy & policy
2) TRAI (2015) Highlight of Telecom sector
3) www.google.com
4) http://economictimes.indiatimes.com /topic/GST
5) The Hitwad newspaper.
6) The Economics times

❑❑❑

08

Impact of GST on Indian Economy

Harshad Arvind Ekbote
Dr. H.N. Sinha College,Patur, Dist. Akola.

****

Introduction

India has got a well structured and simplified taxation system. The authorative distribution has been done among the central government, the state government and the local bodies. The Revenue Department which is working under the finance ministry is responsible for the tax collection in India. These taxes include Income tax, custom duty, service tax, central excise etc. Some taxes based on agriculture are collected by states & taxes on properties are collected by local bodies. In the last few years, lot of changes have been made in the taxation system in terms of tax rates & simplification. One of which was Goods & Service Tax (GST). First of all GST in India was introduced in the year 2000 when Atal Bihari Wajpeyee's government was in power. After that in 2007-2008 Asim Dasgupta, then finance minister of West Bengal was appointed chairman of the GST committee. After that on 17th April 2014, the Central government approved the GST bill. It was passed in Loksabha on 6th May 2015 with 352members voting in favour & 35 against it.

India is one of the latest growing economies to adopt GST. It is also latest to adopt the VAT as well. The south East Asian countries adopted VAT or GST way back in 1980's.

Global GST Rates

Continent	GST Rate (%)
South East Asia	7.7
Central & East Asia	12.8
Europe	19.8
Africa	16.8
Latin America	15.7

The above table shows that GST rates are higher in Europe, Africa & Latin America as compared to Asia.

Comparison of Earlier Tax Structure & GST

A) Earlier Tax structure in India

Direct Tax — Income Tax

Indirect Tax (Central/State Taxes) — Central Excise, Service Taxes, Custom, VAT, Entertainment Tax, Lottery Tax, Lottery Tax

B) GST Tax Structure

Goods supplied or service provided

Intra State (Within state) — CGST (Central GST), SGST (State GST)

Inter State (Outside State) — Integrated GST (IGST)

Salient Features of GST in India

1) The GST will be applicable on the supply of goods & Service s against the previous concept of tax on manufacture & sale of goods or services.

2) Dual GST with central & states simultaneously charging it on common tax base. i.e. CGST & SGST.

3) GST will apply to all goods other than alcoholic liquor & 5 petroleum products which are cruide, petrol, high speed diesel, natural gas &aviation turbine fuel.

4) Tobacco products will be subject to CGST in addition to central excise duty.

5) There will be GST council which will make recommendations to the Union & states on taxes,& cesses.

6) Those taxpayer with the turnover of below Rs. 20 lakhs in a financial year will be exempted from GST.

7) Impact of goods & service tax will be treated as interstate supplies & will be subjected to IGST in addition to the applicable custom duties.

8) The laws regulations & procedures for levy & collection of CGST & SGST will be simplified to every possible extent.

Challenges in Implementing GST

1) The impact of the November demonetization of high value currency is larg on the economy. Hence experts re suspicio about successful implementation of GST.

2) GST is economic & tax reform. implement it successfully the political situati in centre & states should be calm & quiet.

3) GST will also have impact on cash flo & working capital. Those business houses wh maintain high inventory of goods in differe states will be badly affected as they will ha to pay GST at full rate on stock transfer fro one state to another. Currently CST is paid o on Sale & not on stock transfer.

4) Implementation of GST in unorgani sectors will be unfavourable to government

5) There re number of forms & tables be submitted by the traders in each month. also costly & time-consuming.

Results:

The results on the estimated impac moving from the current tax system to the tax systems re presented in Table. The ta shows the computed effects on welfare, GDP, agricultural production, manufactur production, internal trade and external trade results are shown as percent changes relat to the levels under the current tax system are presented for India as a whole and for port and non-port status separately.

Impact Baseline GST and Alternative GST (Percent)

	Welfare	Real GDP	Agri.Production	Manuf. Production	Internal Trade
	(1)	(2)	(3)	(4)	(5)
Aggregate GST of 16% (Baseline)					
India	5.3	4.2	-0.5	14	29
Port States	8	4.4	-1.6	14	29
Non-Port States	2.9	3.9	0.7	13	29
Aggregate GST of 20% (Alternative)					
India	4	3.1	-0.5	11	26
Port States	6.2	3.2	-1.8	12	26
Non-Port States	2	3	1	11	25

The first panel presents the estim effects under the baseline scenario of aggregate GST tax rate of 16 percent. Col (1) shows that according to the model used

MAH MUL/03051/2012
ISSN: 2319 9318
UGC Approved Sr.No.62759
Vidyawarta®
February 2018 Special Issue
033

the GST would rise overall welfare by 5.3 percent in Indi. The intuition behind this is that the GST is expected to reduce overall domestic and international trade barriers, which in turn increases welfare because consumers have access to cheaper products. Figure 2 presents the state-based welfare changes. It shows that the GST would rise welfare for all states and is this estimated to be an inclusive policy.

Total real Indian GDP would expand by 4.2 percent, column (2). Growth is driven by an increase in both domestic and international trade. As a first order effect, the GST lowers internal trade barriers in this analysis, which improves internal trade by 29 percent, shown in column (5). As an additional effect, the GST is also foreseen to increase international competitiveness of Indian firms, which increases external trade by 32 percent, shown in column (6). The rise in internal and external trade is expected to be carried by a surge in manufacturing production of 14 percent. Agricultural production would change little because most agricultural goods would remain exempt from the GST.

Finally, column 2 shows that the GDP effects would be relatively equally distributed across states, although the port states would be slightly better off. The reason for the letter is that the non-port states benefit proportionally less from an international trade liberalization because they will face the domestic trade barriers to transport goods to and from the port. Nevertheless, the non-port states would still experience notable increase in external trade of 43 percent as the cost of trading internationally has decreased, column (6)

The distribution of goods in each tier has not officially been declared and most of the uncertainty lies in the allocation of goods to the standard tax rates of either 12 or 18 percent. Therefore, we perform counterfactual analysis that redistributes some of the higher severe generating goods from the 12 to the 18 present tier. Reweighing the tiers by the new distribution yields an aggregate rate of 20 percent. The second panel in Table presents the results for this can. The rise in welfare would be 4 percent, which is one percentage point less than the baseline. This is also reflected in the real GDP effect, which would expand by 3.1 percent, notably lower that the baseline 4.2 percent, but still significant. The reason is that a higher GST rate would increases in manufacturing production that is 3 percentage points lower.

Benefits of GST

1) Indirect taxes such as VAT, CST, service tax etc. are removed.

2) It is a simplified tax policy compared to earlier tax structure.

3) It removes tax on tax.

4) It lowers the burden on common man i.e public will have to give less money to buy the same products which were costly earlier.

5) It reduces manufacturing cost due to lower burden of taxes on the manufacturing sector.

6) Increased demand and consumption of goods.

7) It helps to control black money circulation as the system normally followed by traders & Shopkeepers will be put to a mandatory break.

8) It will boost the Indian Economy in the long run.

Effect on Economy

1) GST will help to reduce the tax burden on producers which will Help to increase production.

2) Different tax barriers such as check post & toll plazas lead to wastage of unpreserved items being transported. This penalty transforms into major costs due to higher needs of buffer stock & warehousing costs. A single taxation system will eliminate this hurdle.

3) There will be more transparency in the system as the customers will know exactly how much taxes they are going to be charged.

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 will encourage the producers to buy new materials from different registered dealers. It will help in bringing more suppliers under the tax structure.

6) GST will remove the custom duties applicable on exports. It will increase in competitiveness in foreign markets.

Conclusion

The newly approves goods & service tax has been implemented in India from 1st July 2017.The collection of GST in the month of July 2017 was staggering Rs.95000 Crores. This collection is beyond the expectations, GST is expected to raise the overall Indian economy .It will increase the overall tax base. It is a historic & bold move toward integrated tax structure. It is believed that GST will put India's indirect tax structure at par with more than 140 countries & would be productive for all sectors. It is expected that GST will overcome all the challenges & difficulties & will help to improve the GDP of the country.

References-

1) The effect of the GST on Indian Growth- Eva Van Leemput Ellen A.Wiencek

2) A Study of Implementation Of GST In India-Prospects & Challenges-Lourdumayhan F.Xavier P.

3) GST- A game Changer In Indian Tax Structure-Dr.Geetanjali Sharma & Mrs.Mirium George

09

India's Economic Performanc of Agriculture

Dr. P. N. Ladhe,

Janata Kala Vanijya Mahavidyalaya,Malkapu

****

Introduction

In the past few decades India has se a sustainable growth in food production a incomes along with growing diversification bo in consumption and production. Food secur and sustainability our major goals to ke agriculture sector out of a danger zone see to be have been fulfilled. But this feel go factor seems to be a myth as we see new a bigger challenges emerging in this mo vulnerable sector. Share of agriculture country's GDP has declined from 48.7% in 19 to 24.4% in 1996-97 and further 18.7% in 20 Agriculture sector is the backbone of countr development and lifeline for 65 per cent of t population based in rural areas a approximately more than 58 percent of t population still dependent on agriculture their livelihood. Besides this to achieve ambitions rate for growth for the country of high as 9-10% in the eleventh five year pl the country needs a strong pull-up support agriculture sector which should grow at least the rate of 4 per cent per annum, all the m since in 2005-06 the growth in agriculture merely 2.2% which is expected to go e negative next year. Besides basic food g production, other agricultural activities livestock, fisheries, horticulture, organic farm commercial crops, agro processing are the n avenues in the agricultural sector which lead us in the next phase of agricultu development. Along with this what is nee