

THE IMPACT OF GST ON INDIAN ECONOMY

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Abstract: GST refers to the "Goods and Services Tax" and replaces all indirect taxes on goods and services. In general, GST indirectly taxes, manufactures, sells, and uses goods, and at the national level. It is being implemented by the central government and the regional governments. GST is the only indirect tax that directly affects all sectors of the economy.

In India, there are many taxes such as service tax, taxes, excise duty, sales tax, etc. Indirect taxes require a certain amount of improvements to provide a good or efficient service. As the tax system becomes more complex, it can lead to various issues such as double taxation and cascading and ultimately affect society by increasing prices and lack of transparency.

The current tax system is not only affecting the general public It is also affecting investors, industries, and traders as well as taxpayers. This will hinder business and slow economic growth in general. Indirect taxes play an important role in the GDP growth of the country.

GST is considered the best solution for all these issues. It is expected to harmonize the tax base, tax rates, and tax infrastructure and bring tax efficiency, simplicity, transparency, and degree. So this paper tries to explore different aspects of GST. It explores the nature and impact of GST in the Indian economy and its sectors. The information is based on secondary sources such as government reports as well as research papers, articles, news, etc.

Keywords: GST, GDP growth, Indian economy.

1. INTRODUCTION

One of how the government collects money from the people and undertakes various projects to benefit the people is through taxes, which are collected at the central and state levels in India. GST is a tax collected from various goods and services. In India, GST is an indirect tax that includes many indirect taxes, VAT, service tax, etc.

Globally, 160 countries have adopted GST and France is the world's first introducer of GST since 1954. On July 1, 2017, India decided to launch a new revenue system in the country's central parliament under the motto "One country, one tax, one market".

In India, GST is a single domestic indirect tax law that has many different benefits. Some of the benefits are it helps to eliminate inflation in the price of services and goods; It will reduce the cost of goods due to the reduction in taxes, by modernizing the use of technology, it helps to speed up the tax collection process, and it plays a role in controlling various unorganized sectors in the country.

There are three types of taxes that were applied to the GST system in India these are Central Goods and Services Tax(CGST), State Goods and Services Tax(SGST), and Integrated Goods and Services Tax(IGST). The tax collected in the central or which is levied on intra-state goods and services transactions is the CGST, and the tax which is collected by states which are intra-state transactions is the SGST. IGST is a tax levied on inter-state goods and services transactions that are collected by the central government under state-owned taxes.

This study uses the second piece of data or information and is designed to assess the benefits and challenges in the implementation of GST and the impact of GST on the Indian economy. In addition to the secondary data, the study is based on the nature of the study, which is based on data collected from various journals, newspapers, the Internet, and various research papers and books.

2. REVIEW OF LITERATURE

E Bansal "A study on impact of GST on Indian economy" - International Journal of Research and Innovation in Appared Science (IJRIAS), 2018. According to her study, a good tax system focuses on revenue collection and distribution and is an initiative to implement GST responsibly and transparently in the tax system. GST is expected to include all indirect taxes in all sectors. According to the study, the implementation of GST in India will enable it to integrate the international standards in the tax system, increase corporate governance and management practices and make it equal to other leading countries in the field.

A Dash The "Positive and Negative Impact of GST on Indian Economy" - International Journal of Management and Applied Science, 2017. In his research study, he said that the use of GST will have a clear impact on the country in both direct and indirect ways, It is very important to look at the positive side of GST in order to boost the country's economy in terms of implementing GST. The study found that GST needs enough time to assess the impact on the country's economy, and that it needs to be sustained for some time, and that the government needs to build more communication on the implementation of the program.

N Mishra "Impact of GST on Indian Economy" - International Journal of Basic and Applied Research, 2018. Her research has shown that It has been widely argued that GST is only used for goods and services, which in turn helps to reduce the economic disparities in the country and indirectly strengthen the free flow of goods and reduce the burden on the tax system. On the other hand, it is stated that lowering the price of goods due to GST, can benefit the people and boost the country's economy. According to the study, the implementation of GST will eliminate policy gaps in all parts of the country, especially the implementation of GST will increase investment opportunities that will increase international competitiveness and indirectly increase employment opportunities.

A Sharma "Impact of GST on Indian Economy" - Business Management and Quality Assurance Journal, 2018. In his research, he explained that GST does not increase the tax burden and it is said that the tax system will be replaced by a single tax system, which will reduce the tax burden on the elimination of the existing tax system. In particular, it has been shown that the biggest benefit comes from eliminating competition and making the GST process easier and more efficient. The impact of GST on the country's economy is expected to be economic, which is expected to boost the country's economy.

J B Lala " Impact of GST on Indian Economy" - International Journal of Recent Scientific Research, 2017. He was relieved in his research study that a well-implemented GST will make it interesting and effective to change the old tax system from time to time. By implementing the new GST tax system as required, it is possible to reduce most indirect taxes, which in turn can reduce the tax burden. In general, the GST can play a significant role in the growth and development of a country if properly implemented.

Looking at the various research papers that have been done so far, most of the studies have tried to analyze the potential benefits of GST by listing the potential benefits of GST. They then set out their own hypotheses by speculating on the possible GST in India from the beginning to the end of its implementation and the potential positive and negative impacts on the country after the implementation, which means that it will not be able to determine the impact of GST on the country's economy before its implementation.

STATEMENT OF THE PROBLEM

According to the above-mentioned studies, they clearly present their findings on the situation in India's indirect tax system, possible implementation processes, potential benefits and challenges, and the potential impact on the country's economy after GST implementation. GST, on the other hand, has been the most important change in the tax system for the past decades in the world, but in India, it has only been able to move a few steps due to the recent introduction of GST. The purpose of this study is to understand the nature of GST and its potential impact on the country's economy after its implementation.

3. RESEARCH METHODOLOGY

This study focuses on a variety of previous studies and findings, using secondary data in depth and breadth, and focuses on past national and international journals, periodic government performance reports, and publications from various websites. It focuses on the sources which were prepared on the characteristics of GST, the differences between GST and the previous tax system, the GST implementation process, its advantages and disadvantages, and the potential impact on the country's economy.

OBJECTIVES OF THE STUDY

- To understand the nature and application of GST In Indian;
- To identify the benefits and challenges of GST in the Indian economy;
- To identify the positive and negative impacts of GST on the Indian economy

SCOPE OF THE STUDY

As GST includes a variety of indirect taxes, it is known to have a wide range of benefits by having an efficient tax system in the country. The study will focus on the differences between the previous tax system and the GST system and will focus on the potential impact of GST on the country's economy in the future. In general, the study will be conducted to assess the GST implementation across the country and identify impacts on the country's economy.

4. DISCUSSION AND FINDINGS

There is no doubt that such a large-scale reform not only requires a lot of preparations for the implementing agencies but also a lot of preparations for taxpayers. One of the major influences on the implementation of GST in India is the change or transformation in the accounting system or fiscal structure of federal agencies in the country. In this regard, the creation of a system where central and regional GST is treated separately will be eliminated. Both central and state governments need to agree and trust or rely on each other on how to manage GST together.

GST is long-awaited tax reform in India since independence and is a uniform single tax rate that replaces complex tax systems. It is a system that has been influencing all sectors of the economy since its inception. Careful and thorough planning is essential to ensure that the GST reform implementation is well-managed and organized and also it is important to handle unorganized sectors. This will gradually increase the amount of tax and, on the other hand, benefit the organized participants who are losing their income by unorganized sectors.

Since the introduction of GST in India, it has had both positive and negative effects on all sectors of the country by reducing the tax burden and increasing production, eliminating tax barriers in areas such as checkpoints and payment gateways, reducing the cost of goods, and It helps customers to know clearly how and how much tax to collect so that there is enough transparency. By improving or increasing trade competition in foreign markets, by reducing the burden of the tax burden on ordinary people, by expanding the tax base and increasing government revenue, by eliminating the spread of black money, eliminating GST tax irregularities, and sustaining sustainable growth in the country's economy and by simplifying the process and reducing complaints are some of the major positive impacts of GST on the Indian economy.

GST, on the other hand, has a negative impact on the country's economy, and the major negative effects are as follows: If the center does not coordinate well with the states and union territories to implement the tax system, it will be complicated and can lead to political problems, and it will take some time for people like the new tax to fully understand it. In order to implement GST properly, if tax managers and administrators at all levels are not able to receive proper training regarding GST it will have a negative impact on the implementation process, which can lead to performance problems. Because some products are cheap and some are expensive, they can be complicated to consumers, so consumers will not benefit from it.

5. CONCLUSION

The introduction and implementation of GST in India's Indirect Tax Reform System play an important role in consolidating and facilitating the diversification of central and regional tax revenues. It also helps to significantly improve the tax system by eliminating double taxation and reducing the cascading effect. Although GST has both positive and negative effects, there are many positive aspects that need to be addressed and efforts should be made to improve the country's economic growth.

Given that GST has recently been implemented in India, it is not possible to confirm its actual impact on the country's economy at this time, so it is appropriate to wait for the completion year or a few years of implementation. In general, however, it is highly expected that the more positive effects will be measured. In addition to its simplicity and transparency, it also helps to increase the tax revenue collected by the regions and the central government by eliminating complex practices and integrating all indirect taxes into one account. It also helps Indian companies to increase their competitiveness in the international market, as GST is a transparent and simple indirect tax that will help boost the country's economy and benefit the people of the country.

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