

A Study on GST Impact On Service Sectors With Special Reference To health Care In Mysore City

Ranjitha. N, Vyshna s Kurup

M.Com II Semester Department of Management and Commerce, Amrita School of Arts and Sciences
Amrita VishwaVidyapeetham, Mysuru Campus Karnataka, India.

Abstract: In India, many types of tax systems were prevailing in the past, especially during the British period. But after independence many changes have taken in the tax system. To bring even tax structure all over India, Goods and Services Tax (GST) has been introduced in India on 1st July 2017 by the present NDA Government. This GST is designed to support and enhance the economic growth of a country. So far, More than 150 countries have implemented GST. The GST journey began in the year 2000 when a committee was set up. It took 17 years from then for the Law to evolve. In 2017 the GST bill was passed in Lok Sabha and the Rajya Sabha. Later the (GST) Goods and Services Tax Act was passed in the parliament on 29th of march 2017, But this act came into effect on 1st of July 2017. This article is aimed at understanding the various objectives of GST on health care 2017 and the issues which were faced while implementation of GST in this service sector.

Keywords: Goods and Services Tax (GST), Indian Tax Scenario

I. Introduction:

India's healthcare sectors have been focused only during the present Government's first three years. Later when the finance minister Arun Jaitley's 3rd Union budget earlier this year he proposed of making the drugs more reasonable by making amendments to the drugs and cosmetics act, This union Budget also recommended to make certain changes in the medical education. The GST rate for the services fall under 5%, 12%, 18%, or 28% slab. Many hospitals, medical and the doctor services are exempt from GST. Health care services run by a clinical establishment, an authorised medical practitioner or Para-medics are exempted from GST. The services by the veterinary clinic in relation to the health care of animals or birds they are also exempted.

Now there is only one tax with two different components which as to be implemented in India and divided into two

- Central Goods and Services Tax (CGST)
- State Goods and Services Tax (SGST)

Health care is one of the fastest growing sectors of the Indian economy. This health care is a wider term that mainly includes of medical devices, medical insurance, diagnostics and the other different components of the health care in various ways namely,

- ❖ GST and Pharmaceutical industry.
- ❖ GST and Medical devices and equipment
- ❖ GST and health insurance
- ❖ GST and diagnostics.

This GST will bring an uniform tax structure in India as well as it provides transparency. GST is a destination based consumption tax which offers comprehensive and continuous chain of tax credit. On bringing GST into practice, there would be a combination of state and the central taxes into a single tax payment. This GST would reduce the overall tax burden.

MEANING:

Goods and Services Tax (GST) is an indirect tax which has replaced many indirect taxes in India.

OBJECTIVES OF GST:

- Ensuring the availability of the input credits across the value chain.
- Ensuring that the cascading effects of tax on the tax will be eliminated completely
- Reducing the tax slab rates so that in future clarification issues can be avoid.
- Decreasing the unhealthy competition among the states due to t

- It improves the competitiveness of the original goods and services therefore it improves the GDP rate too.

ADVANTAGES OF GST:

- One Nation One Tax.
- Removal of bundled indirect taxes such as VAT, CST, SERVICES TAX, CAD, SAD, and EXCISE.
- Removal of cascading effect of taxes i.e. removes tax on tax.
- Increased ease of doing business.
- Lower cost of production, increases demand will lead to increase supply .Hence this will ultimately lead to rise in production of goods, resultantly boost to make in India initiative.
- It will boost export and manufacturing activity, generate more employment and thus increase GDP with gainful employment leading to substantive economic growth.

As we identify that GST is a new concept in India. This was recently introduced on 1st of July. Before in earlier days to pay the tax was very easier than GST such as VAT, EXCISE DUTY, SERVICE TAX etc., but after introducing this GST it has become very difficult. This GST creates many misunderstanding among the transaction and from the manufacturer to the final consumers. This concept of GST is not understood by common people due to lack of knowledge, illiteracy, or unaware about the tax proceedings.

II. Literature Review

MANASI SHAH (May 20-2017) "Impact analysis of GST on Indian Hospitality Industry" concluded that The GST of 18 percent will thus lead to banquets becoming reasonable consequently offering a huge haul to the hospitality industry. In a nutshell, the GST is going to have a neutral impact on the Indian hospitality industry.

Agogo Mawuli (May 2014) studied, "Goods and Service Tax-An Appraisal"

granthaalayah.com/Articles/Vol4Iss12/22_IJRG16_C12_203.pdf and found that GST is not good for low-income countries and doesn't make the country to develop in higher rate. If still these countries want to implement GST then the rate of GST should be lesser than 10% for growth.

Dr. R. Vasanthagopal (2011-April 2nd) studied, "GST in India: A Big Leap in the Indirect Taxation System" *International Journal of Trade, Economics and Finance, Vol. 2*, and concluded that switching to smooth and continuous GST from current complicated indirect tax system in India will be a positive step in thriving Indian economy. Success of GST will lead to its acceptance by more than 130 countries in world and a new preferred form of indirect tax system in Asia also.

GST on healthcare will make Medicare unaffordable: ASSOCHAM-TechSci study Wednesday, (January 25, 2017) concluded like, Under GST, the cascading effect of tax on goods and services would be reduced. Thus, making Indian healthcare market a seamless uniform market, demolishing fiscal barriers between the states. The inverted duty structure which is adversely affecting the domestic manufacturers would be reduced by GST, thereby resulting in reducing the cost of inputs, thus boosting the investments in healthcare sector. However, certain tax exemptions that reduce cost of services for customers might be overridden with introduction of GST. This would pose a negative impact on healthcare sector from consumer's point of view.

Marksman Healthcare (June 27-2017) "Impact of GST on Indian Healthcare sector" said the impact of GST on the healthcare segment is still indeterminate. Some industry specialists have confidence that post implementation of this bill, customers and industry players will be in a win-win situation. The healthcare industry would benefit from passing of the GST bill as it would reduce the complexities and various obstacles to the growth of business to a large extent. On the other hand, patients/consumers are going to be burdened with the increased medicine costs.

OBJECTIVE OF THE STUDY:

- To know the Advantages and disadvantages of GST on service sector with respect to health care.
- To know the opinion of patients or consumers towards the GST.
- To know that whether the GST implementations in India towards the health care is having success or failure.

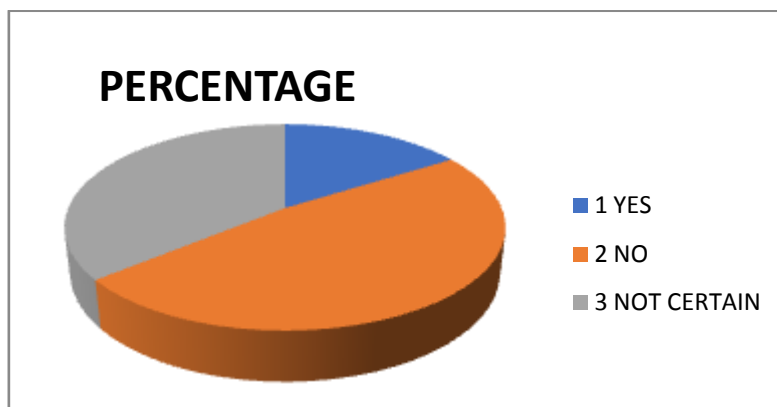
III. Methodology:

The data and the information for the study of GST impact on service sector in health cares were collected through secondary data such as journals, magazines, annual reports, websites which fulfil the first objective. Second and third objective is studied by primary data. To know the impact of these activities of health care, questionnaire containing ten questions was prepared and given for 100 respondents. Samples were collected from patients and family members of patients who are paying the hospital bill.

ANALYSIS:

1) Respondents awareness about GST

SL	OPTION	NO:OF RESPONDENTS	PERCENTAGE
1	YES	17	17%
2	NO	60	60%
3	NOT CERTAIN	23	23%

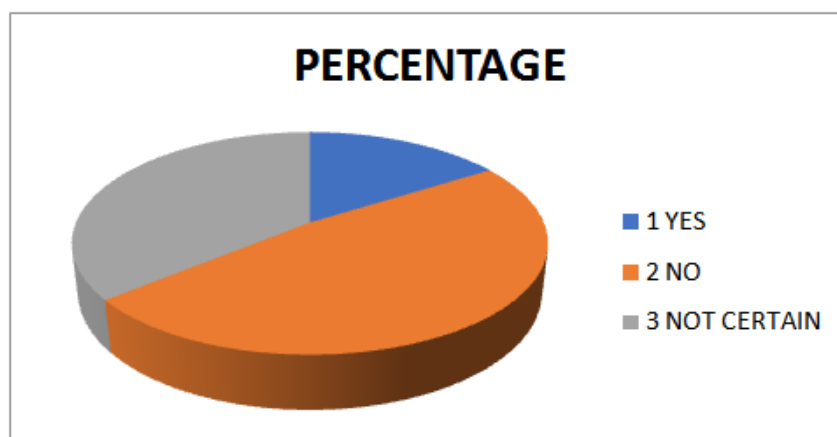


INFERENCE:

OUT OF 100 respondents, 17% responded that they are aware about GST 60% said that they are not aware of GST 23% is not certain.

2) Opinion of respondents about increase in hospital bill

SL	OPTION	NO:OF RESPONDENTS	PERCENTAGE
1	YES	40	40
2	NO	27	27
3	MAY BE	33	33

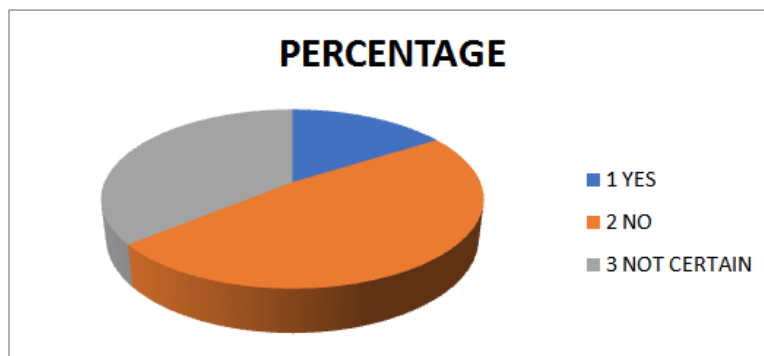


INFERENCE:

OUT OF 100 respondents, 40% responded that the bills of the hospital increased due to GST, 27% didn't agree with the statement, 33% neither said yes nor no.

3) Opinion of respondents about helpfulness of GST to common men.

SL	OPTION	NO:OF RESPONDENTS	PERCENTAGE
1	YES	18	18
2	NO	49	49
3	MAY BE	33	33

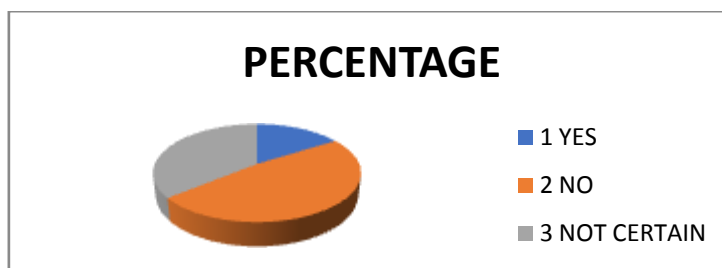


INFERENCE:

OUT OF 100 respondents, 18% accepted that GST is helpful to common men, 49% said it is not helpful to commonmen, 33% reacted neutral to the statement.

4) GST, Failure or not!

SL	OPTION	NO:OF RESPONDENTS	PERCENTAGE
1	YES	49	49
2	NO	18	18
3	MAY BE	33	33

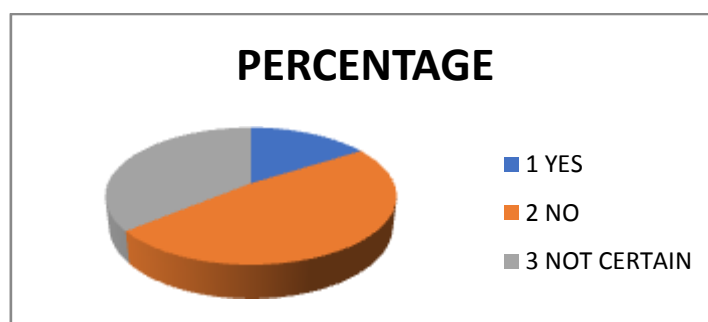


INFERENCE:

Out of 100 respondents, 49% feels that GST is a failure, 18% feels that GST is not failure, 33% was not certain.

5) GST, Success or not!

SL	OPTION	NO:OF RESPONDENTS	PERCENTAGE
1	YES	16	16
2	NO	48	48
3	MAY BE	36	36



INFERENCE:

Out of 100 respondents, 16% feels that GST is a success, 48% feels that GST is not success, 36% was not certain.

IV. Findings

- 1) 17% responded that they are aware about GST 60% said that they are not aware of GST 23% is not certain
- 2) 40% responded that the bills of the hospital increased due to GST, 27% didn't agreed the statement, 33% neither said yes nor no .

- 3) 18% accepted that GST is helpful to common men, 49% said it is not helpful to commonmen, 33% reacted neutral to the statement.
- 4) 49% feels that GST is a failure, 18% feels that GST is not failure, 33% was not certain.
- 5) 16% feels that GST is a success, 48% feels that GST is not success, 36% was not certain.

V. Suggestions:

- 1) Anticancer medicines are getting costlier by 6.5% as there will be 12% GST applicable on them. It's our suggestion to government to either reduce the tax rate or reduce the cost of medicine since cancer is a major disease in every corner of our country.
- 2) Since GST is newly implemented, most of the people are fully not aware about GST. It's our suggestion to government to conduct awareness programs about GST for public.
- 3) Include GST as a subject to all degree syllabuses which further will allow learning this in depth.
- 4) Improve the facilities in government hospitals, so that people with lower income can avoid going to private hospitals where the charges are high.

VI. Conclusion:

GST is newly implemented in India. The common man is not fully aware about the GST regulations. This study made an attempt to understand the views of GST by the common man in the health care sector.

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