

Impact Of Good And Service Tax On Various Sectors In India

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Abstract:In today's economy GST is an very important emerging factor. It has made a tremendourus change in our taxation system.This paper deals with overall aspects of GST with its process, changes that occurred and the way it works. The data was collected from secondary analysis based on data available in news paper, magazine, online and offline.

Keywords:Economy, GST, Tax

I. Objectives Of The Study

1. To study about the concepts of GST.
2. To study about features and benefits of GST
3. To study about the impact of GST on Various sectors in Indian economy.

II. Methodology

This study is descriptive and uses the exploratory technique. The data for the study data was collected from secondary sources such as magazines, articles published online and offline on various newspapers and websites

III. Introduction

What is GST?

The full form of GST is Goods and Services Tax. GST is leaved on purchase of goods or services in India.

Why GST is implemented?

There were various indirect tax systems like VAT, Service Tax, Central Excise, Luxury Tax and etc. BEFORE THE GST Was implemented.Iindirect taxes like VAT and luxury tax some of those were governed by the State Governments, and taxes like service tax or central excise was being governed by the Central Government. With the indirect tax collected by several authorities of state government, the business organizations were paying several taxes and comply with several rules.To simplify this indirect tax system GST is implemented.

Under GST business organization and customers should deal transactions based only with GST regulations. Therefore, business organization is easier for companies and customers will also have clarity about the tax paid by them. In addition, the government will also be efficient enough to administer and govern GST better, since many of the tax departments is consolidated and simplified into a solo department under the GST Act.

Before implementing the GST there was different tax rates in different states of INDIA but,after implementing GST in INDIA there is standard rates of tax on purchase of goods and services. There is only 5 kinds of tax rates on purchase of goods and services, they are

Goods service				
Exempt	Low Rate	Standard Rate	High Rate	Standard Rate
0%	5% 12% and 18%	28%	12% and 18%	

How GST works?

If a consumer purchase any goods of worth rs 10000,(assuming that tax rate is at 5%) the consumer has to pay 10500 rs , 500 is as tax. The 500 rs will be paying to government as a tax, in that 500 rs half of amount will goes for central government and remaining half amount will goes for state government, this is how GST works in INDIA.

Features of GST

- 1.It will consist of 2 components, the central GST and state GST raised by the states.

2. GST subsumes central indirect taxes such as excise tax, service tax, etc. as well as state taxes such as VAT, immigration tax, luxury tax and etc
3. Only Central government has responsibility to levy and collect GST on supplies in basis of inter-state trade and collection of tax will be divided between central government and state government.
4. Over-lapping of tax is eliminated with GST.

Benefits of GST

1. Uniform tax rates across the INDIA
2. Ensuring the compliance is improved by lowering the tax rate
3. It is expected that commodity prices will decrease in the long term as the benefits of lower taxation are passed on to consumers.
4. By lowering the tax rate, the competitive nature of Indian products in the international market is likely to develop.

IV. Impact Of Good And Service Tax

Fast Moving Consumer Goods

GST is advantageous for a few organizations, not for different organizations in the FMCG Industry, yet it will surely have long term beneficial outcomes on this sector. The lower tax on many products including logistics services has made it possible Manufacturers to handle their business transactions more freely and cost-effectively. This has also enabled ordinary people to buy more and save money on their Purchases.

Automobiles

The automobile industry was paying a tax rate in a range between 30-45% and it is expected that after the GST the rate is around 18% which will be very high positive and profitable for the automotive industry both the manufacturers / distributors and the end users. The standard and the social status of consumers is strengthened. Now There is a big boom in Automobile industry as a result of the introduction of Goods and Service tax.

Pharmaceuticals

The largest producer of generic drugs and India is the third largest producer of medicines. Implementation of GST will have a constructive impact on the healthcare industry, especially drug products. This will help industries by eliminating taxes In the pharmaceutical industry, eight different types of taxes are applied. Fusion of all taxes on a tax will make it easier to do business. GST will also develop transportation and supply chain in pharmaceutical products.

Textiles Industry

It is said that the tax rate in GST will be higher in the textile industry than that present tax rate. Cotton and wool fibers that are currently being exempt from tax would be in GST but the textile industry can be benefited in GST since manufacturing costs can be reduced due to subsidization of several taxes such as Octroi, Entry Taxes, Luxury Taxes, etc. There will also be some disadvantages, but GST will help in supporting the industry in the long term and is seen to be supporting in the present scenario.

Food industry

A large proportion of the consumer expenditure of low-income families is spent on food, so if any food can affect most of the population or it can be of an adverse nature then it would be ideal if GST rates are zero or they will be Very little, because it will affect people significantly.

Service sector

In India, 60% of GDP is included in the service sector. The GST rate for services is expected to be 18% to 20%, which is more than the current tax rate which is 15% which has led to an increase in the cost of services like banking, telecommunications and insurance.

Agriculture Sector

agricultural sector GST have the positive effect in the agricultural sector as all taxes will be reimbursed under a tax rate. Then the sales movement of the states between the states will be easy and hassle free, which will save time and destructive good transport

V. Conclusion:

Though the GST impact has made a various change in taxation system, it may find difficult for Indian economy to cope up with the change but has definitely a good future for the economy in the later years. GST is said to increase the standard of living of people reducing the cost of living that indirectly improves the financial system of nation thereby improving the Indian economy. Thus GST has a greater affect in developing country like India.

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