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**GST: A NEW PATH TO ECONOMIC DEVELOPMENT**

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**Dr. N. B. Chaudhari.**

Head of Business Law &amp; Associate professor.

Dr. B.N.P.Arts, S. S G. G. Commerce &amp; Science College, Lonavala.

Mail: agastinbc.14@gmail.com

Cell no. 9923717743

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**Introduction:**

In recent years the Indian economy has witnessed tremendous change .Some of notable changes are increased ranking and rating by international organizations. Government has taken some decisions which were long awaited and these changes were noted internationally .One of such decision is implementation of GST i.e. Goods & Services Tax.

GST act was introduced on 1st July.2017. It's a new reform in taxation area and people are ignorant about it .The goods & services tax in India has replaced several taxes charged earlier .It has replaced VAT, Service Tax & excise .Actually GST is an indirect tax which will be ultimately borne by the end consumer .

**Objectives of study:**

There are following objectives to study the GST.

- 1: To know the meaning of GST.
- 2: TO study the characteristic features of GST.
- 3: To study the impact of GST on various sectors & Common man.
- 4: To make an observation & draw a conclusion & findings.

**Hypothesis:**

'GST is a new path to economic development and is another suspense thriller movie that released on 1st July 2017 in India'

**Research Methodology:**

The secondary data has collected from the website and standard books and used for the purpose of study. The interviews of tax authorities telecasted on 'SAKHI SAHYDRI' on 26/12/2017 has used for the study .

**Meaning of GST:**

GST is another suspense thriller movie that released on 1st July 2017 in India .Nobody was ready to implement it .This act is replacing different taxes levied by the state & central government. This act is replacing different taxes levied by the state and central government .This tax system amalgamates several central and state taxes into a single tax and eradicate double taxation. The GST means tax levied on purchases and sales of goods and services in Maharashtra or outside Maharashtra or on interstate transactions.

**Characteristic features of GST:**

There are number of characteristic features.



1. The tax structure is lean & simple.
2. The entire market comes under single umbrella about taxation.
3. This method brings more transparency and good compliance.
4. Number of departments is reduced which in term leads to more revenue tax collection.
5. More business entities comes under tax system which leads to more tax collection.
6. Companies under unorganized sector comes under tax.

### Impact of GST on economy:

The implementation of GST have mixed effect on different sectors of Indian economy .There are some sectors that get benefited from GST in India.

- Automobile sector: GST is a most cost saver for automobile industry .The transportation time and overall cost for interstate transfer of goods wii be cost down & will reduce the cost by 8 to 10 %.The luxury car lovers will benefited due to prices of car are go down by 4% to 9%, The bikes below 350cc engine reap the benefit of GST as the prices plunge by 5%& for more than 350cc becomes more expensive.
- Cement industry: Overall tax incidence for the sector will come down if GST rate is fixed at 18% .Reduction of effective rates and supply chain cost will bring tangible benefit to the cement industry.
- Logistic : GST will result in lower transit time which will facilitates un interrupted flow of goods from one state to another will directly accelerate demand for logistic services .
- FMCG Sector : There is a mixed bag response in FMCG sector .Sweetened aerated water will attract 28 % of tax with 12% of additional cess which is very high as compared to current rates .All FMCG products like pharma items ,toothpaste ,soap, packaged junk food ,shampoo& electronic products like cooler TVs are supposed to become cheaper & cosmetic services like saloon and beautifying services are known to become expensive .Daily household items cost have enhanced due to the implementation of GST .
- Household expenses: In GST, the food items are under zero to 5% tax rate which will not directly impact on the food prices.
- Real Estate: Before the GST when customer buys a under construction property previously chargeable 5.5 %vat & service tax .But after implementation of GST 12% tax rate is applicable and real estate becomes very expensive .Due to this act Real estate regulation act (RERA)is introduced and massive changes regarding transference and accountability will be seen in future period .
- Taxi services: If we took taxi services before the applicability of GST there was around 6% service tax but after GST it reduces up to 5% and helps to customer for the marginal saving.
- Banking & Insurance services: All these services became expensive after GST.
- Hotels: Before the GST, in case of booking hotel with a tariff of INR 8000, then the gross and indirect tax rate i.e. Service tax, luxury tax was around 19 to 25%.But



after GST there is 28% GST is applicable on all accommodation with tariff above INR 7500. It became very expensive.

- Air travels: Previously there was around 6% of service tax applicable in domestic economy class while in GST the economy class taxable at 5% & results in saving. And business class the tax rate has been increased from 9% to 12% and become expensive.
- Restaurants: Actually "Roti, Kapda & Makan" are the issue of middle class family. In restaurant services also there is a small saving. The previously VAT & service tax totaling at around 18.5% was applicable & now reduced up to 18%. Specifically restaurant services became cheap.
- Jewelry articles attract a levy of 6% which was 2% previously. The e-commerce industry is included in a tax net & online shopping became expensive.
- This GST system also became beneficial to the tax payer which helps to develop our economy.

**Following are the benefits to taxpayer.**

1. According to tax payer the structure became very simple.
2. GST has created a uniformity in the tax regime.
3. It also helps to create greater tax revenue.
4. It attracts competitive pricing & will help to increase the export.
5. GST will help to curbing the practices involving black money.

**Observation & Findings:**

1. It is found that in the month of July 2017, total GST collection were Rs.47469 crore .i.e. CGST: Rs.14894 crore & SGST Rs.22722 crore and expected tax collection was Rs.91000 crore but actually collected Rs.99283 crore.
2. In the month of August 2017, 18.83 lakhs new tax payer were registered under GST out of which 550000 were registered in Maharashtra.
3. In July 2017, 59.57 lakh tax payers were filed their return which increased up to 2983.38 lakhs in the month of August 2017. That means in July 2017, 88.99% assesses filed their returns under GST. In August 81%, in Sept. 76%, & in Oct. 2017 78% traders filed their returns under GST.
4. In 2016-17, the total taxes collected were Rs.17.03 lakh crore and Nity Ayoga expects it to increase up to Rs. 26.48 lakh crore & expected increase from 11.2 % to 12.3%.
5. There were 17 indirect taxes before the implementation of GST. But after GST it has merged in one tax.
6. India become a international market & will give incentives to import & export business.
7. GST brings reduction in compliance cost which helps to increase profit percentage. 1% reduction will help to increase 9 to 10% profit and that is the power of new tax scheme.
8. It was also observed that there is a increase in turnover on international level which helps to increase the competition.



9. It was also observed that GST helps to the government to take actions against the traders who avoid to pay the tax & file their return.
10. It was observed that the GST is applicable to the registered as well as to unregistered traders. There is no need of registration number to the trader who have turnover below 20 lakh.
11. It was also observed that it becomes compulsory to focus registration number separately in the shop.

**Conclusion:**

With reference to above observation & interviews of.....

1. Mr. Gajanan Khanna, Deputy Commissioner, Maharashtra State Goods & Services tax dept., Mumbai Division
2. Vishakha Borase, Deputy Commissioner, MSG&G dept., Mumbai (implementation)
3. Rajlaxmi Kadam, Deputy Commissioner, Central goods & services tax department, Pune telecasted on Sakhi Sahyadri channel on 26/12/2017. This indirect tax structure will attract the new investors in India. This increase in investment will bring out the more business units in India & will increase the tax collection & tax revenue.
4. Thus from the above study it has been concluded that the new tax scheme will bring some revenue generation and overall synchronization of taxes in the government.

**Sources & references:**

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