

An Overview of GST: After 5 Years of its Implementation

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Abstract: *After independence significant reforms in Indian tax system can be seen through GST. The concept of one nation one tax came into existence after implementation of GST. The main purpose of GST is to subsume central excise tax, service tax, VAT/Sale tax to create a uniform market. It is a destination based consumption tax. Both centre and state collects GST but apportioned proportionately. This paper takes overview of GST after 5 years of its implementation and studies benefits and challenges arises in Indian economy.*

Keywords: Goods and Service tax , Indirect tax

I. INTRODUCTION

Reform or change is the need of the day. To avoid lacunas particularly in the area of indirect tax becomes necessary. To have uniformity in the tax system, to avoid cascading effect, to built up a strong revenue collection system as the tax is the major source of the revenue collection for Govt., a step toward one nation one tax has been taken . on 1st July 2017 implementation of Goods and Service Tax is output of it. To boost Indian economy, to improve tax collection GST becomes milestone in Indian Indirect tax system. Worldwide almost 150 countries has introduced GST in one or the other form since now . Indirect tax system has undergone under a drastic change after implementation of GST. In view of the above discussion attempt has been made to take overview of the implementation of GST.

II. LITERATURE REVIEW

Rakesh Kumar, Dr. Rupa Khanna Malhotra, Dr. Pankaj Agarwal in their study : Analysis of GST impact on Indian Economy after 5 years of its implementation analysed the collection of GST and reflects positive impact of GST on Indian economy. Shankar R. in his study : Impact and implications on various industries in Indian economy prescribed impacts of GST on various sectors such as telecommunication, technology, pharmaceuticals, automobiles etc. and focused on problems in implementation of GST. Sanjib Ghimire in his study : Implications of tax reforms in Indirect tax collections of the Govt. of India during the last two decades focused on revenue collections rom indirect taxes, it's contribution in GDP and stated that tax reform in indirect tax regime did not improve its revenue productivity. Umashankar G. Nadargi in his study : A research paper on reforms in taxation in India – GST states that GST brings transparency through GSTN and brings benefits both to Govt., and consumer.

III. RESEARCH METHODOLOGY

The study is descriptive in nature and used exploratory technique . The secondary data is collected from paper publications, books, website, newspaper and thesis.

Objectives

- To study concept of GST
- To study economic growth after GST
- To study revenue collection after GST

Hypothesis

Hypothesis for the study developed on the basis of objective which are:- **Hypothesis 1**

H0: There is positive economic growth after implementation of GST

H1: There is no positive economic growth after implementation of GST

Hypothesis 2

H0: Contribution of GST collection to total Indirect tax collection increased after implementation of GST .

H1: Contribution of GST collection to total Indirect tax collection not increased after implementation of GST .

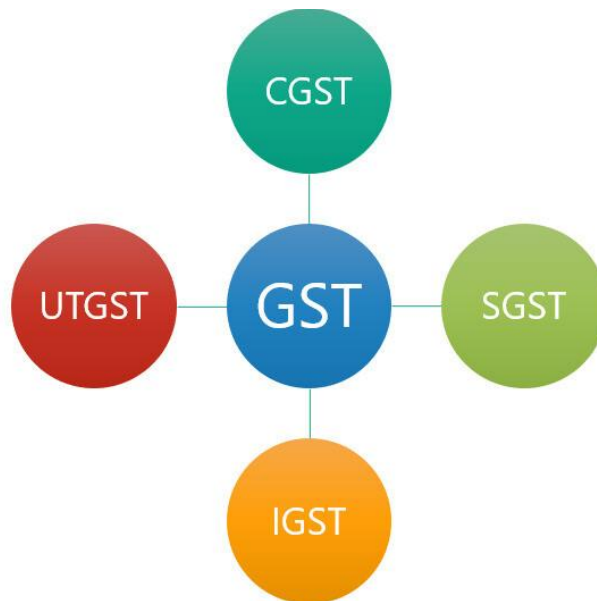
Concept of GST

Before GST there are two types of Indirect taxes. Central Government imposed the levy of the indirect taxes on certain items such as central sales tax, customs duty, excise duty and service tax etc., On the other hand, the state governments also empowered to levy and collect taxes like VAT, Luxury taxes, electricity duty, entertainment tax and entry tax and octroi. It means before introduction of GST there are two types of indirect taxes but after the introduction of GST most of the taxes, most of the indirect taxes subsumed. E.g. the central taxes like central excise duty, service tax, countervailing duty and special additional customs have been subsumed and amongst state act state taxes like state VAT, octroi and entry tax, luxury tax, tax on lottery or cess have been subsumed.

Meaning

Goods and service tax is tax on goods and services, which is levied at each point of supply or provision of services in which the seller or service provider may claim the input tax credit ,which he or she has paid while purchasing the goods or producing the services.

Types of GST



CGST : collected by Central Government valid on intrastate

SGST : collected by state Government valid on intrastate

IGST : collected by central Government valid on interstate

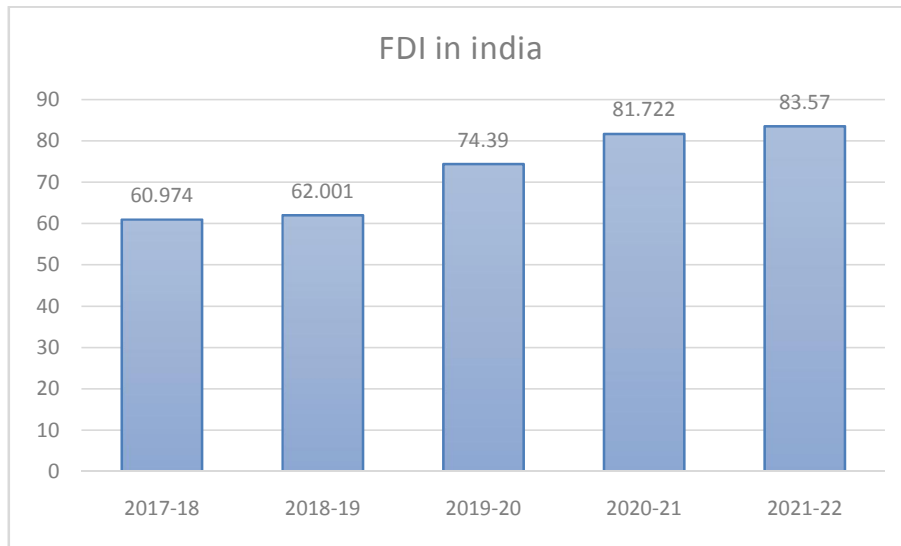
UTGST : collected by union territory valid on union territory

Economic Growth after GST:

GDP

Due to implementation of GST export of goods and services becomes competitive as there is nil effect of cascading effect of taxes on goods and products. NCEAR reports that GST would increase the GDP by 1 to 3%

FDI



Experts states that implementation of new tax structure will attract more FDI but as consider to pre GST era FDI was all around 27% which was decreased to 24% after GST. It means it is declined by 3%. But if we see FDI inflow from 2017-18 to 2021-22 it is quite impressive.

Manufacturing Sector

In post GST era cascading effect of taxes reduces the manufacturing cost. Before GST rent paid on warehouses, logistic costs, retail stores etc. were non-creditable. As embargo on credit being removed, it reduces manufacturing cost. It reflects positive impact of GST on manufacturing sector.

Transparency in Tax system

After implementation of GST the buyer would know about the taxes they are paying and what is the basis for this taxes. Through GSTN tax procedure also becomes transparent. It is positive sign for the growth of businesses of manufacturer, supplier and service provider by winning confidence of customer. In short it reduces burden on buyer and seller.

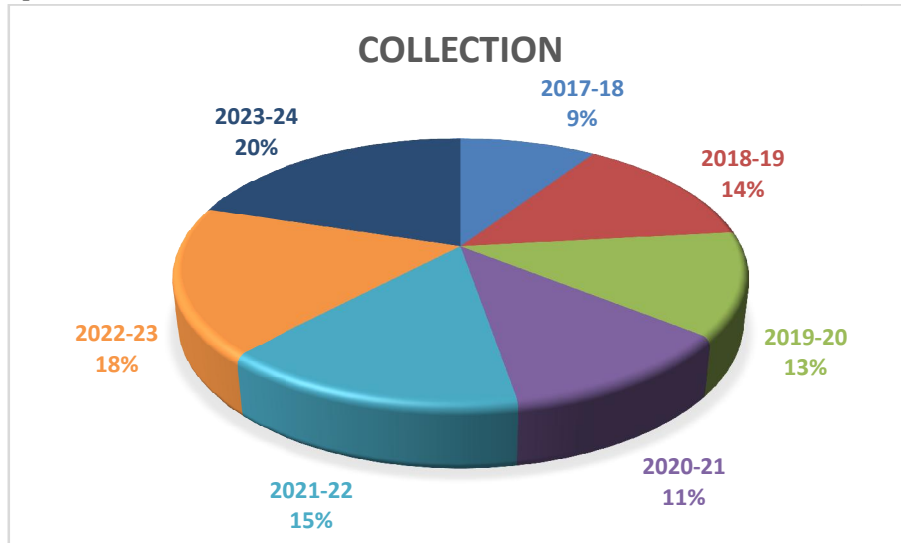
Availability of Funds for Production

As total taxable amount reduced in post GST era it makes availability of funds to reinvest into the production cycle to foster production.

Support for SME

GST depends upon firm’s annual turnover. Enterprises with a yearly turnover of 50 lakhs have to pay 6% GST whwer as enterprise with 1.5 cores worth of turnover have to pay 1% GST. It boost small and micro enterprises for being ‘Atmanirbhar’

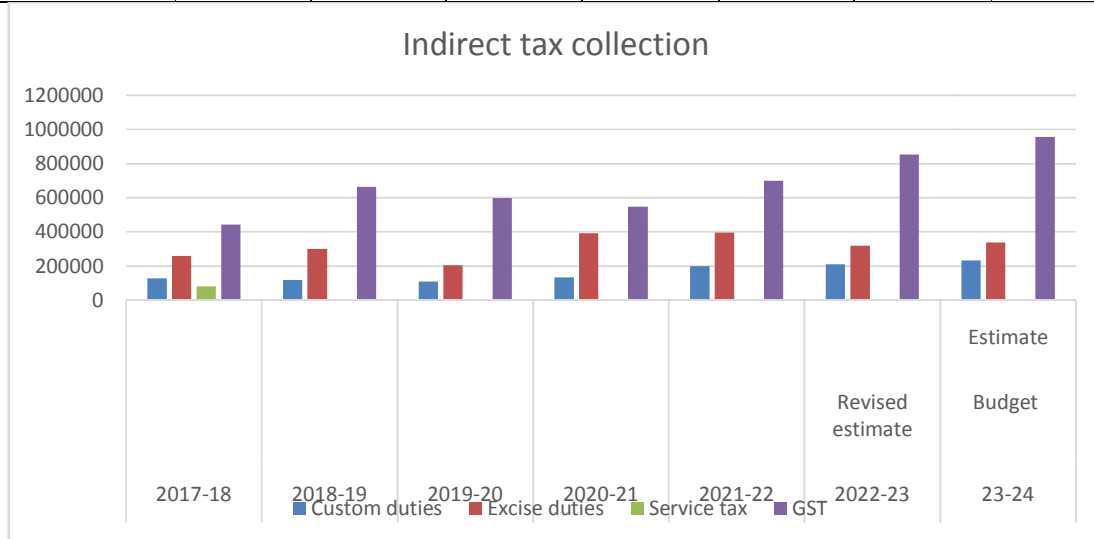
GST collection per annum



Since 1st July 2017 i.e. from implementation of GST we found that every year there is rise in collection of GST. It reflects positive response of state to implement GST nationwide. However during covid pandemic there is small fall in collection of GST which is covered in next successive year i.e. in financial year 2021-22.

Collection of GST and indirect tax collection

Tax Revenue	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 Revised estimate	23-24 Budget Estimate
Custom duties	129030	117813	109283	134750	199728	210000	233100
Excise duties	259431	300000	204615	391749	394644	320000	339000
Service tax	81228	NA	6029	1615	1012	1000	500
GST	442562	663343	598750	548778	698115	854000	956600



If we take view of collection of indirect taxes we found that every year there is rise in collection of GST as compare to custom duties, excise duties and service tax .however service tax is subsumed after implementation of GST
It indicates contribution of GST collection to total indirect tax collection is increasing every year.

IV. CONCLUSION

GST is a major tax reform in Indian tax system. Through GST nationwide uniformity in tax system came into existence. Every segment of economy getting more or less support from this unified tax system directly or indirectly. GST council publishes amendments from time to time to have transparency in process. During last five years GST have seen many changes in regard terms of policy, tax rates and procedures which completely changed the face of the indirect system in India.

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