GST and Economy of India
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Abstract

GST will be an independent revolutionary opportunity for 70 years in the field of Indirect Tax Reform in India. By consolidating multiple central and national taxes into a single entity, we will alleviate the coupling or double tax effects in important ways and pave the way for a common, uniform national market. "GST will benefit both consumers and domestic productivity as the GST's maximum tax rate is predetermined and it will also help to avoid multiple taxation, procedures and tax avoidance." GST affects all sectors regardless of sector, and will affect the entire value chain of operations, such as purchasing, production, distribution, warehousing, sales and pricing, and is expected to participate in the market of harmonized goods and services, and it will be the female name of the assessment and friendly tax administration system, which will include most national rates at central and state level and taxes, making the country a single national market, GST will offer India the dirtiest surplus of indirect taxes, fees, surcharges and tax revenues in one tax.

What is GST?

GST is an indirect tax for the entire country, making India a common market. GST is a single tax on the supply of goods and services provided by the manufacturer to the consumer. The tax amount paid at each stage can be used in the next phase of VAT, and GST will in principle only levy the added value at each stage. Therefore, the end-user will only be charged GSTs imposed by the last dealer in the supply chain, and compensatory benefits will be provided at all previous levels.

GST can help you reduce your tax and paper storage costs, increase your company's profitability, attract investments, improve tax compliance, and increase your tax revenue. However, there are some problems with GST in the future. The GST must have appropriate discussions and be dealt with by the relevant authorities. If not, there will be other problems in the future that need to be resolved.

This is what you expect:

- Limit annoying tax systems.
- Helps to move goods smoothly from the main boundary.
- Suppress tax evasion
- Improved compliance
- Increase the income
- Promotion of growth
• Investment promotion
• Make investments and business in India easier.

Benefits of GST

The upcoming GST brings the following benefits to the country:

I. GST will remove economic distortions and create a common national market. The dreams, actions and tax rates of a country can be realized.

II. It will help to make transparent and corrupt tax management in two ways. The first relates to incentives for self-imposed policy. To get an input tax credit for each dealer needs an incentive to request documents for VAT / Taxes chain at the back of the dealer. In particular, the policy itself is provided with the chain through extensive exemption for intermediary goods, unless the damage can be very powerful work in the GST. The second deals with the GST-dual monitoring structure of the country and the other through the center.

III. If the upcoming GST account was well organized and the tax rate is greater than the "yield neutral rate" (RNR is the percentage of neutralizing the income effect of the state and the central government due to changes in the tax system, ie the GST current situation and the central government's indirect taxes If the same level of income and income from tax relief than the standard called RNR) may be resources that the government can be used to increase poverty alleviation and development activities and national states.

IV. The production costs are reduced and we can support the increase in exports in our country.

V. This tax can be made "in India" if you create one. The current structure destroys India by disrupting the Indian market. This distortion is due to three characteristics of the current system: Central sales for the sale of goods between the three countries; numerous cross-border taxes; and the broad nature of import duty exemptions that promote domestic production

VI. A raid; GST corrects all distortions: GST is removed; Most other taxes are included in the GST. Since GST is applied to imports it will promote import and removal of negative protection displeased domestic production.

VII. Taxable sales limit is only reduced by Rs. 10 luck, tax base is expected

It will be extensive in the country. (Consumption tax is 1.5 crore). It will also diversify the tax system and tax goods and services equally. This is the main benefit of GST.

Disadvantages of GST

We have implemented GST in more than 160 countries around the world. Well-known economists in India are very optimistic about the positive impact on the economy. GST countries
have, however, experienced inflation in the next three to five years. Some of the disadvantages of GST are:

I. According to critics, the GST will have a negative impact on the property market. This amounts to 8% of the new accommodation costs and reduces demand by about 12%.

II. Some economists say that CGST, SGST and IGST do not offer anything new to be welcomed under the new names Central Excise / Service Tax, VAT and CST.

III. It will be difficult for small and medium-sized traders to compete with strong and large traders, as GST attracts attractively priced small and medium-sized traders. Their survival can be a daunting task.

IV. Several exhibitions are required (each month 37 exhibitions per year are required depending on the current situation). Not only are they complicated and difficult for sellers, but they also require infrastructure support with safety and reliability.

V. GST returns to a state where product sales or services are displayed instead of generating sales based on purchase / consumption. Countries that use resources to produce goods do not receive tax revenue. For example, Andrapradesh and Telangana produce cement that is sold in other states and will be profitable.

VI. As a result of the abolition of the province or provincial contracting states, the monetary compensation for urban organizations must be made correct in the interest of the state. However, our experience in our country is not satisfactory. This is because the state is supposed to appoint the national financial committee after the amendment of the 73rd and 74th constitution.

Minimization of GST, a solution for the disadvantages

The GST is one of the innovative reforms of the state's indirect taxes since independence, but there are several options that can affect the public interest of the government and its common goals. We must deal with the following:

i. The GST should not increase the vertical imbalance of resources and responsibilities for governments, in particular urban community groups. Hopefully the Finance Committee will take care of it.

ii. If the GST leads to a regional imbalance in development, there must be legal provisions to correct this.

iii. Trusted I.T. Infrastructure, skilled workforce and taxpayer's attitude must change.

iv. If the definition of goods and services is not clear, this will lead to conflicts.

Dual GST: Dual GST means that the proposed model is two parts.

I. CGST - central goods and services tax imposed by Central Govt.

II. SGST - The main goods and services tax of the state, imposed by Govt. There is one CGST statute and several SGST statutes for all countries.
Striking features of the GST model

The striking features of the proposed model are:

1. The GST must have a center (the central GST) and two components (called the GST) imposed by the United States. The tariffs for central GST and head GST have been appropriately approved to take account of turnover and acceptability.
2. As far as possible, certain procedures for both the central GST and the main GST will be specified in the respective regulations for the central GST and the main GST.
3. The state is of the opinion that the composition / blend regulation in the sense of GST must have a ceiling for the total annual turnover and a soil tax rate for the total annual turnover.
4. Taxpayers should, if possible, submit periodic reports to the central authorities of the GST and the competent authorities of the GST in a common format.
5. Each taxpayer is assigned a PAN number that is linked to the taxpayer with a total of 14/15 figures. This facilitates data exchange and taxpayer compliance by connecting the GST PAN Connection system to the dominant PAN-based income tax system.
6. The central GST and the main GST shall apply to all transactions of goods and services performed for the consideration of the exempted goods and services.
7. The central GST and the main GST must be paid separately for the center and account of each country.
8. Because the central GST and GST should be treated separately, the taxes paid for the central GST can be considered as a tax deduction (ITC) for the central GST and can only be used for central GST payments.
9. Cross-use of the ITC between the central GST and the main GST is not permitted, except in the case of inter-commodity services.

Applicability of CGST and SGST

The applicability of tax is, as usual, subject to the annual sales limit. Some goods and services are exempt under GST. The annual sales value for goods and services is 10 lakh for SGST and the CGST threshold for goods can be 1.5 crore, and the service has an appropriate high level of individual control points. Suppose that the sum of CGST and SGST is 20%.

Consequences of goods and service taxes

- Food industry
  Applying GST to food has a significant impact on people who earn their living. At the same time, the tax exemption will be significantly reduced if food is fully exempted. Foods are grains and cereals, meat, fish and poultry, milk and dairy products, fruit and vegetables, sweets and sweets, snacks, home food preparation, meals and drinks. Even if the food falls within the scope of the GST, such a sale is exempted from the SME...
registration criteria. Given the CENVAT food exemption and the 4% VAT on food, the tax rate GST doubles the tax burden on food.

- **Residential building and construction**
  In India, the construction and housing sector must be included in the tax base of the GST because the construction sector makes an important contribution to the national economy.

- **FMCG sector**
  Despite the economic downturn, Fast Moving Consumer Goods (FMCG) has grown steadily in India over the past three to four years, reaching retail sales of $25 billion in 2008. GST proposals and the implementation of foreign direct investment (FDI) will stimulate growth and generate $9.5 billion by 2018.

- **Railway sector**
  Under the GST umbrella there was a proposal to extend the tax revenues to the railway sector, resulting in significant tax revenues and a low overall GST rate. This has the additional advantage that it follows all interstate freight transport via the proposed information technology (IT) network.

- **Financial services**
  In most countries, GST does not charge fees for financial services. Example: in New Zealand most services are available, except financial services such as GST. According to the service tax, India follows an almost all-encompassing approach to bringing all financial services within the tax rate, taking care in the form of explicit reimbursements. GST also includes financial services for the above reasons.

- **Information technology-based services**
  To match the best international practices, the domestic delivery of software should also attract G.S.T. Depending on the transaction method; therefore, if the software is transmitted via an electronic format, it must be regarded as intellectual property and regarded as a service. If the software is transferred to media or other types of assets, it must be treated as a product and G.S.T. FICCI - Techno pack report shows that the enforcement of GST will also help to unify, simplify, tax one point and thus lower prices.

References:

4. Economic and Social Department: The Statistical Division.