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## “GST A BOOST TO THE INDIAN ECONOMY”

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**ABSTRACT :-** The study is to show the clear picture about GST. This paper will provide valuable information about history and progress of GST. The paper begins with introduction and tries to highlight the history of GST. A brief introduction on GST. Like many developed countries in the world India has a well developed and diversified tax structure with the authority to levy taxes divided between central Government and state Governments, Direct & indirect tax. GST is a tax fixed for both goods and services and it is payable at the final point of consumption. The biggest indirect tax reform since 1947 GST bill is expected to bring about an economic integration of the Indian economy. The Indian economy can overcome serious global issues and challenges. **GST will provide a boost to the Indian Economy.** GST will help country to make ‘**One India rather than divide India**’. GST is one window Tax.

**Key Words :-** GST, SGST, CGST, VAT

**Statement of the Problem :-** GST will bring change in the tax structure and it will affect the revenue of the state in the country. This paper will highlight on GST.

**Research Methodology :-** ‘Being an explanatory research it is based on secondary data of journals, articles, newspapers and magazines’. The accessible secondary data is intensively used.

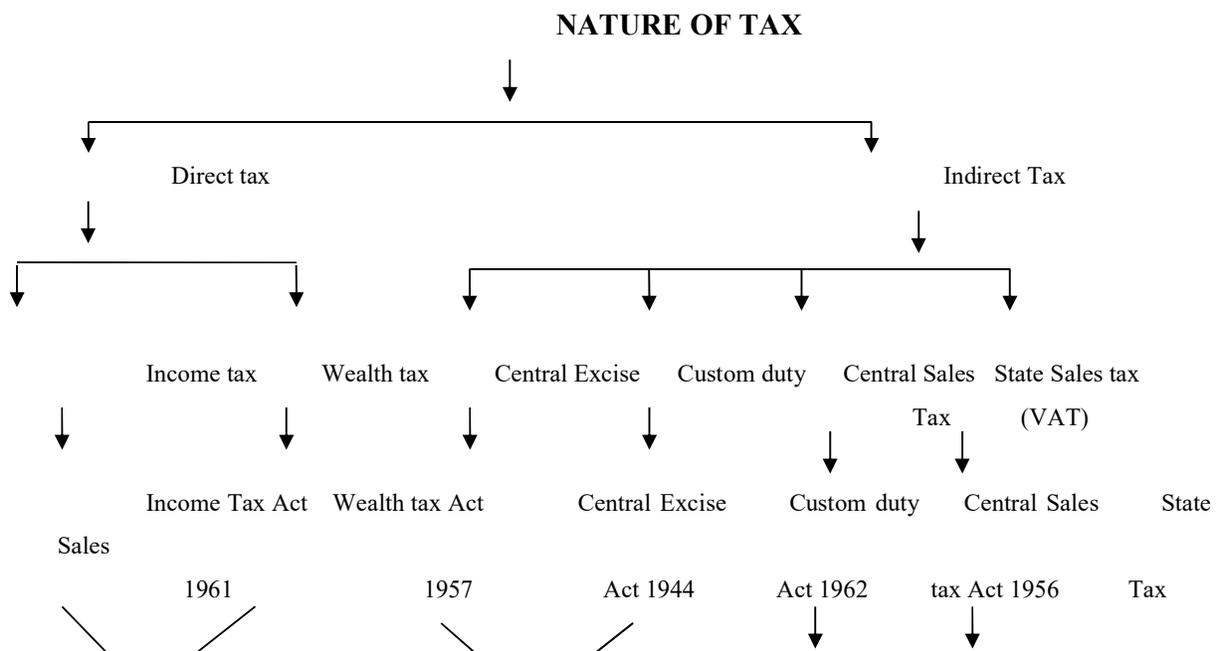
**Introduction :-** In our country the structure of taxation there is a need of taxes on goods and services. Since 1947 GST would be major reform. The cost for business will decline and it will provide a boost to the Indian economy. At present taxes are levied separately on goods and services. GST is a tax fixed for both goods and services and it is imposed at each level of supply chain, the GST does not become a part of cost of production because Input tax incurred at previous stage is always deducted by the businesses at the next level in supply chain. Most

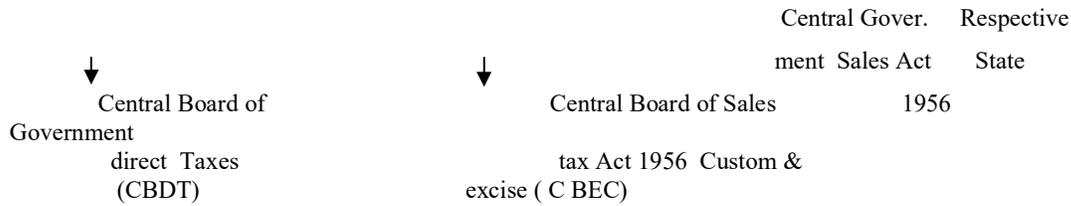
of the developed countries use this form of taxation for ease and convenience and to avoid double taxation.

**Historical back ground of GST :-** GST was first introduced in France in 1954. 150 countries across the globe have implemented GST so far. The idea of GST in India was mooted by the Vajpayee government in 2000. GST was first recommended by the Kelkar Task Force on Implementation of Fiscal Reforms and Budget Management Act 2004. On 28<sup>th</sup> February 2006 P. Chidambaram the finance Minister announced the target date for implementation of GST to be, 1<sup>st</sup> April 2010 and formed another empowered Committee of State Finance Ministers to design a road map. In April 2008 they released their first Discussion Paper on GST in India in 2009. It was decided to be introduced from 1<sup>st</sup> April 2010 but due to fear of loss of revenue to states and they wrote to the finance committee that they were not ready to introduce GST and this is the reason behind the delay.

In 2011 the constitution Amendment bill was introduced in parliament to enable the levy of GST. However the bill lapsed with the dissolution of the 15<sup>th</sup> Lok Sabha. Subsequently in Dec 2014 the constitution (122<sup>nd</sup> Amendment) Bill 2014 was introduced in Lok Sabha. It was introduced in Lok Sabha on December 19<sup>th</sup> 2014 by finance Minister Arun Jaitley post its passage in the parliament (Rajya Sabha on 3<sup>rd</sup> August 2016 and Lok Sabha on 8<sup>th</sup> August 2016.) and ratification by more than 50 percent of state legislatures. The Government of India is committed to replace all the indirect taxes levied on goods and services by the centre and states and implemented GST on April 2017.

India has a tax system to collect revenue from the society and expend the revenue on the society for welfare and development of it. Income tax act to charge the taxes on the income earned by the various people in the society it is the direct tax levied on income of the various professionals. Indirect taxes are at federal level, CENVAT, service tax, Central excise duty etc. state taxes are state, VAT, state sales tax, Luxury tax, taxes on lottery and tax on advertisement. The diagram gives list of major direct and indirect taxes in India and authorities responsible for administering these laws.





Above diagram shows the nature of tax and authorities responsible for administrating these law as per years given.

As before India follow value added tax (vat) system both at the central and state levels Central VAT or CENVAT system extends tax set offs only against central excise duty and service tax paid up the level of production. CENVAT restrain to value addition by the distributive trade below the stage of manufacturing as well as manufactures have limitations to claims sett of against central taxes such as additional excise duty & surcharge. Similarly state VAT's cover only Sales. Credit claim was possible for credit only against VAT paid on previous purchase. It not includes a massive amount of other taxes imposed within state such as luxury and entertainment tax, Octroi etc. GST is one simple tax system only on value addition at each stage which will subsumed all central and state level taxes and levises as all goods and services within an integrated tax having two components a central GST and a state GST, producer / seller are able to set of taxes against paid it before on purchase. Burden shifted to every stage of production and the final consumer have to bear only tax charged by the last dealer in this supply chain by set off benefits at all previous stages. This tax is collected on value added goods and services through a tax credit mechanism.

GST will be divided into 2 parts that is SGST and CGST.

GST = Goods and service tax.

SGST = State Goods and services tax

CGST = Central Goods and services tax

This SGST and CGST will be levied on taxable value of transaction. All goods and services will be brought into the GST and there will be no difference between goods and services. This GST will combine central excise duty additional excise duty, services tax, state VAT, entertainment tax etc, under one banner. This rate will be 14-16 percent.

GST is implemented on all goods and services. There are few exemptions they are Alcoholic Liquor for human can sorption. It will be up to the GST council to decide when GST would be levied on various categories of fuel, including crude oil & petrol.

**Export will be Zero Rate :-** No GST will be levied on exports because of which input credit of exporter will not be affected and he/she can use these input credit in future. With zero rate exports domestic goods will be more competitive in international market and will help in increasing exports which in turn the fulfillment of objective of 3.5% share of India in world exports by 2020.

The tax rates have been rationalized and tax laws have been simplified resulting in better compliance ease tax payment and better enforcement. GST is one of the biggest taxation reforms to take place in India. India's economy can over come serious global issues and challenges. GST would help country to make **'One India rather than divide India.**

**Conclusion :-** It is clear that change in tax structure due to the implementation of GST has both complications and also benefits to the state for its revenue.

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