IMPACT OF GST ON INDIAN ECONOMY

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ABSTRACT;

The introduction of goods and services tax would be a very significant step in the field of indirect tax reforms in India. GST is likely to improve the tax to GDP ratio of the country this has major implications for the Indian economy making exports, tax free for our country. In India GST rate for the various goods and services is divided into 4 slabs, they are 5%,12%,18%and 28%GST.The study was conducted at **S. Chidambaram & co** was established organization. A descriptive research study along with simple random sampling was adopted for a sample size 40.The major finding of the research among the people that tax on the customers is very high and GST increases the GDP growth of the country for general awareness.
Keywords: GST, GDP, Exports, Awareness.

INTRODUCTION;

The introduction of goods and service tax (GST) would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of central and state taxes into a single tax, it would mitigate cascading or double taxation in a major way and pave the way for a common national market. From the customer's point of view, biggest advantage would be in term of a reduction in the overall tax burden which is currently estimated to be around 25% to 30%Under the GST scheme, a person who was liable to pay tax on his output, whether for provision of services or sale of goods, is entitled to get input tax credit (ITC) on the tax paid on its input.

OBJECTIVE OF THE STUDY
The study based on following objectives:
1. To study tax structure implied before the introduction of GST
2. To analyze and find out the GST impact among customers
3. To study the needs for GST in India
4. To analyze the positive and negative impact of GST.

SCOPE OF GST
GST is to cover all goods and services, except alcoholic liquor for human consumption, for the levy of goods and service tax. In case of petroleum and petroleum products, it has been provided that these goods shall not be subject to the levy of goods and service tax till a date notified on the recommendation of the goods and service tax council.

- All goods and service are covered under GST regime except alcoholic liquor for human consumption

- Tobacco products subject to levy of GST and centre may also levy excise duty

- GST council yet to decide the incidence and levy of GST on following:

- (i) Crude petroleum (ii) High speed diesel (iii) Motor spirit (iv) Natural gas (v) Aviation turbine fuel

COMPANY PROFILE S CHIDAMBARAM CO

(GST PRACTITIONER & TAX CONSULTANT)

S Chidambaram Co in Vandavasi Salai, Kanchipuram

S Chidambaram Co in Kanchipuram is one of the leading businesses in the Tax Consultants. They are also known for Tax Consultants, GST Registration Consultants, Income Tax Consultants, Property Tax Consultants and much more. Find Address, Contact Number, Reviews & Ratings, Photos, Maps of S Chidambaram Co, Kanchipuram. Established in 2003, S Chidambaram Co near Vandavasi Salai, Kanchipuram, is an acknowledged consultant for financial planning. This consultancy provides a full spectrum of financial and accounting services, investment consultancy, project evaluation and services related to all types of business and corporate agreements. Their specialty lies in providing end-to-end support to start-ups as well as in shop act consultancy. This consultant's office is at No 15. Find it with ease at Near Collector Bungalow. Undoubtedly it is one of the best tax consultants near Vandavasi Salai, Kanchipuram.

GST RATES IN INDIA

The GST rate slabs are decided by the GST Council. The GST Council revises the rate slab of goods and services periodically. The GST rates are usually high for luxury supplies and low for essential needs. In India GST rate for various goods and services is divided into four slabs: they are 5% GST, 12% GST, 18% GST, & 28% GST.

SLAB RATES	POPULAR GOODS	POPULAR SERVICE
5%	Frozen vegetables, fertilizers, spices, plastic wastes	Newspaper Printing, Takeaway Foods, restaurants
12%	Ghee, nuts, fruits, pouches, handbags and purses	Temporary basis IP address, Building constructions for sale
18%	Washing machine, camera, and shampoo.	Outdoor catering, IT service, telecom service
28%	Sunscreen, pan masala, motor cycles	Cinema, food / drinks / stay at AC five star hotels.

NO TAX APPLICABLE FOR GOODS AND SERVICE

There are certain goods and services which are not covered under GST, these are:

Goods: Rakshi without precious metals, bread, salt, sanitary napkins, raw material, eggs, besan flour, natural honey, curd, sindoor, bangles, handloom, newspapers, and deities made of stone, kajal, oat, rye, picture books, colour books, manuscripts.

Services: The hotels and lodges with tariff below ₹ 1,000, plus IMM course books, bank charges on the savings account.

REVIEW OF LITERATURE

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1. **Nishita Gupta:** In her study "Goods and service tax: it's impact on Indian Economy" stated that The goods and services Tax (GST) will indeed be a significant improvement towards a comprehensive indirect tax reforms in India and it would give India a world class tax system and improve tax collections. It would end distortions of differential sectors .Further viewed that it would lead to the abolition of taxes such as central sales tax, state level sales tax, octri, entry tax, stamp duty, telecom license fees, taxon consumption. GST is expected to create a business friendly environment in India, as a result price levels and inflation rates would come down overtime because of application of uniform tax rate.

2. **Nitin Kumar:** In his research paper "Goods and Services tax in India: A way forward that The Goods and Service Tax (GST) is one of the biggest taxation reforms in India The central idea behind this form of taxation is to replace existing levies like VAT, , service tax ,excise duty and sales tax by levying a comprehensive tax on the manufacture and consumption of goods and services in the country. GST is expected to unite the country economically as it will remove various forms of taxes that are currently levied at different points.

3. **Dr. Ambrishstates:** In his study "Goods and Service Tax and Its Impact on start-ups "that GST is expected to unite the country economically as it will remove various forms of taxes that are currently levied at different points. Based on a 2015 NASSCOM report this paper also analyzed how the GST has impact on start up of the country and how the has The impact on GDP.

RESEARCH METHODOLOGY:

RESEARCH DESIGN:

This study is describes the Impact of GST in Indian Economy. The study adopts "**Descriptive research**" as it was to study the needs of GST and find out the impact and its causal relationship with basic variables.

SAMPLING TECHNIQUE: simple random sampling

SAMPLE SIZE: 40

SOURCES OF DATA: PRIMARY DATA

 The Researcher has used a Questionnaire for collecting the primary data. Based on the data collected, conclusion have been were drawn regarding the analysis of Impact of GST in Indian Economy.

SECONDARY DATA

The secondary data was collected through reputed Journals, Newspapers, Books,

Websites. This study brings out suggestions and inferences drawn from the analysis of both primary and secondary data.

TOOLS USED FOR ANALYSIS: Percentage analysis, chi-square test.

DEGREE OF FREEDOM

The number of data that are given in the form of series of variable in a row or column or the number of frequencies that are put in cells in the a contingency table, which can be calculated independently called the degree of freedom and is denote by 'V'

CASE 1 – If the data that are given in the form of a series variable in a row or column, then the degree of freedom = (Number of item in the series) – 1, i.e., $V = n-1$, where 'n' is the number in the series in arrow or column.

CASE 2 – When the Number of frequencies is put in the cell in a contingency table, the degree of freedom will be the product of (number of rows less one) and the (number of column less one)   i.e., $V=(R-1)(C-1)$,

Where R is number of rows and C is number of columns.

Working Rules:

Step 1: Set up the Null Hypothesis H_0: No association exists between the attributes.

Alternate Hypothesis H_1: An association exists between the attributes.

Step 2: Calculate the expected frequencies E corresponding to each cell by the formula

$$E_{ij} = R_i * C_j / n$$

Where R_i = sum total of the row in which E_{ij} is lying

C_j = sum total of the column in which E_{ij} is lying

n = total sample size

Step 3: Calculate χ^2 – statistic by the formula $\chi^2 = \sum (O_i - E_i)^2 / E_i$

The characteristics of this distribution are completely defined by the number of degree of freedom V which is given by $V=(R-1)(C-1)$

Where R is number of rows and C is number of columns.

Step 4: Find from the table the value of X^2 for a given value of level of significance α and for the Degree of Freedom V , calculated in STEP 2. If no value for α is mentioned, then table $\alpha = 0.05$.

Step 5: Compare the computed value of X^2 with the tabled value of X^2 found in step 4.

(a) If calculated value of X^2 <tabulated value of X^2 α then accept the H_0

(b) If calculated value of X^2 <tabulated value of X^2 α then reject the H_0 and accept H_1.

Monthly Income of the respondents

Monthly income	Below 20000	20000-30000	30000-40000	More than 40000
No. of responses	5	15	18	2
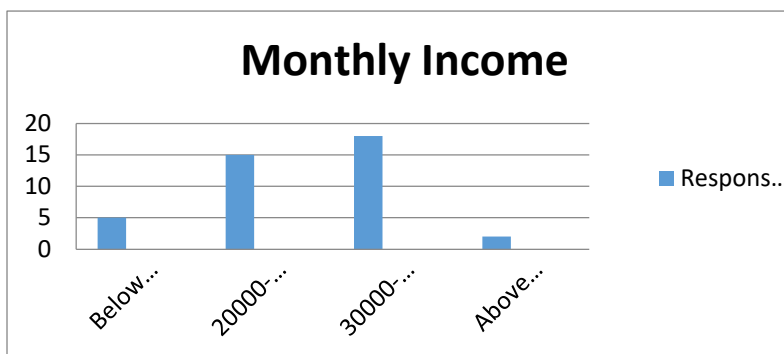
Interpretation: - 12.5% of below 20000, 37.5% of 20000-30000, 45% of 30000-40000, and 5% of 40000 above the responded peoples were earned monthly.

6. Before GST Implementation the Taxation laws between central and state were separated.

Laws separated	Agree	Neutral	Strongly agree	Disagree	Strongly disagree
Responses	23	10	4	3	0
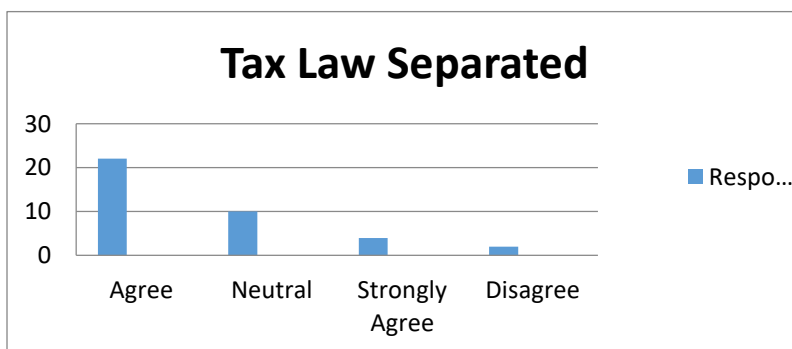
Interpretation: - In the statement the laws were clearly separated before the implementation of GST there is 65% respondent agreed, 25% stands neutral and 10% were disagreed about this statement.

CHI – SQUARE

Comparison table for the GST reduce the Corruptions in India and Age of Respondents.

AGE	GOOD	BETTER	POOR	BAD	TOTAL
Below 25	20	5	7	3	35
25 - 35	15	3	5	2	25
35 – 45	8	2	8	4	22
Above 45	7	3	5	3	18
TOTAL	50	13	25	12	100

The above table shows that 50% respondents with high level of satisfaction with that GST reduces the corruptions, 13% respondents are the with medium level of satisfaction about the impact of GST. 25%respondents are Neutral about the goods and service tax reduces the corruption in India. It also shows that out of 12% of respondents with opinion of Dissatisfied.

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
20	17.5	2.5	6.25	0.357
15	12.5	2.5	6.25	0.5
8	11	-3	9	0.818
7	9	-2	4	0.444
5	4.55	0.45	0.203	0.045
3	3.25	-0.25	0.063	0.019
2	2.86	-0.86	0.74	0.259
3	2.34	0.66	0.436	0.186
7	8.75	-1.75	3.063	0.35
5	6.25	-1.25	1.563	0.25
8	5.5	2.5	6.25	1.136
5	4.5	0.5	0.25	0.056
3	4.2	-1.2	1.44	0.343
2	3	-1	1	0.33
4	2.64	1.36	1.850	0.70
3	2.16	0.84	0.706	0.327

H_0: There is no significant relationship between the age and the responses for GST reduces the corruptions in India.

H_1: There is significant relationship between the age and the responses for GST reduces the corruptions in India.

O= Observed Frequency

E= Expected Frequency

Expected frequency = row total*column total / grand total

Degree of Freedom = (R-1)(C-1)

$\qquad\qquad$ = (4-1)(4-1)

$\qquad\qquad$ = 3*3 = 9

$\chi^2 = \sum(O_i - E_i)^2/E_i = 6.12$

Calculated of X^2 = 6.12

Tabulated value of X^2 for 9 Degree of freedom at 5% = 16.91

INFERENCE

The table shows that calculated value is less than the table value of 5% level of significance with the degree of freedom. So Null hypothesis is Accepted. Hence there is no significant relationship between age and satisfaction level about the statement of the GST reduces the Corruptions in India.

FINDINGS:

$\qquad$ 1. Most of the Clients know about before the implementation of GST the laws between central and states were separated.

$\qquad$ 2. Most of the people agree about the VAT improves the Revenue growth.

$\qquad$ 3.80% of Clients think that **Tax on customers is very High**.

$\qquad$ 4. Most of the clients agree that the Entry tax as an impact of fall in production of many industries.

$\qquad$ 5.67.5% Users thinks that GST brings more Expensive cost for Garments.

$\qquad$ 6. Most of clients agree the GST reduces the Tax burden for Customer and also most of them disagree about that.

$\qquad$ 7.88% of people agree that **GST increases the GDP growth** of the Country.

$\qquad$ 8. Many People agree that GST drives Economic growth to the Next Decade.

$\qquad$ 9. Many clients think good that GST eliminates the Cascading effect.

10. Most of people think that Tax rates have increased along with their cost.

SUGGESTIONS;

As people facing problem at initial stage understand new land and their provisions & technology. So my suggestion there issues are there should be Many seminars and lectures need to conduct for General awareness. Government introduce various Technique and Technology for registration and updating purpose but while doing survey some people stated that registration sites and software not working properly.

Hence Government should look into three points also that implementation and application of GST go smoothly in India.

GST was implemented from July 1, 2017. The day marked changes in most tax structure and would India unite under a single framework. "ONE NATION ONE TAX" will provide benefits to nation and Economy as hole.

CONCLUSION ;

India has many taxes in place like Excise, sales tax, service tax, entertainment tax, VAT etc. These taxes are divided at central as well as state level. These bundle amounts of taxes are difficult to manage and sometimes cause inconvenience to businesses and customers. GST aims to solve it with single indirect taxation system.

As per my observation and study on GST shows the impact of GST on Indian economy has more positive than negative. As per producer point of view , because of GST Indian product became more comparative in the market which help to face competition and earn more profit as per customer point of view , GST reduced overall tax burden on goods which is currently estimate 25% to 30% which help them to access goods at lower prices.

Since GST is new in India so initially public facing certain issue to understand new law. Business man and service provider news to appoint experts for smoothing business activity which will ultimately increase cost. Business need to bring new software or Update software as per new system.

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