



## A STUDY ON GST & ITS IMPACT ON ECONOMY WITH PARTICULAR REFERENCE TO CHITTOOR DISTRICT OF ANDHRA PRADESH

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### ABSTRACT :

Traditionally India's tax administration depends heavily on indirect Taxes. Revenue from Indirect taxes was the major source of Tax revenue. The major argument put forth for heavy reliance on Indirect taxes was that the India's majority of Population was poor and thus expand base of direct Taxes had inherent Limitations. The purpose of GST is replacing all these Taxes with single comprehensive Tax, bringing it all under single umbrella. Its purpose is elimination of tax on tax. It is implemented from 1st July



2017 with the aim of replacing current complex structure of multiple Indirect Taxes. It has been commonly accepted by more than 140 countries in the world. This implementation will give a boost to the growth engine pursued by government. This paper will throw light on GST its features and also effect of GST on prices of Goods and Services. Thus GST is termed as biggest Tax reform in Indian Tax structure. GST is not a Tax change but it will benefit the economy as a whole and have far reaching impact on business.

**KEYWORDS :** GST, Indirect Tax, Tax reform, CGST & SGST, Tax Benefits.

### INTRODUCTION:

The main income of revenue for government of India is from tax. Direct and indirect taxes are the two main types of taxes. When its taxes impact and incidence falls on same person it is called direct tax. The Taxes on the sales of goods were levied in situation of respective sales Tax enactments and the "entry of Goods" was subject to Tax under the respective State entry Tax enactments GST was implemented on 1<sup>st</sup> July 2017. GST is a futuristic tax with a goal of making India a Global participant. GST is the biggest Tax reform in India. Indian government has structured GST for efficient Tax collection, reduction in corruption, easy interstate movement of goods etc. It is a single Tax on the supply of Goods and Services, right from manufacture to customer. It will replace the current Taxes of excise, VAT and Service Tax. It has taken 17 years (2000-2017) for the GST to come into force.

### REVIEW OF LITERATURE:

**Dr R.Rupa (2017):** This article explains about the major argument put forth for heavy reliance on Indirect Taxes was that the India's majority of population was poor and thus widening base of Direct Taxes had characteristic limitations. But the Indian system of Indirect Taxation is characterized by Cascading,

distorting Tax on production of Goods and Services which leads to hampering productivity and slower economic growth.

**V. Vasudha Singh, K. Sangeetha, Reshma Khanam (2017):** This paper studies about the concept of GST in India. It also highlights the challenges in implementation of GST in India.

**Manpreet Kaur (2017):** This paper presents an overview of GST concept, explains the effects and impacts of GST on various aspects of our lives.

**Jadhav Bhika Lala (2107):**This paper will throw light on GST its features and also effect of GST on prices of Goods and Services.

### Research Objective

- To know about Goods and Service Tax in India.

### Research Methodology

The study is undertaken only on secondary sources of data and information. For secondary sources of data and information mere reliance is placed on available standards literature comprising referred journals, articles, books, magazines, news papers etc..

### GST implemented in India:-

GST is applicable on supply of Goods and Services. GST will be paid by all manufactures and sellers. It will also be paid by various service providers etc. However being an Indirect Tax, GST will be ultimately borne by the end consumer, just like in the current process India implemented the candinan model of dual GST i.e., both the Central and State will collect GST and there are three types of GST's.

CGST- Central Goods and Service Tax is collected at Central level.

SGST-State Goods and Service Tax is collected at State level.

IGST-Applicable on inter State sales .It helps in smooth transfer between State and the Central.

### Interpretations:-

It is likely to improve the present Taxation system to GDP ratio and also inhibit inflation. It is likely to benefit the manufacturing Sector but it is difficult for the different Services Sector. Though there are expectations that the GDP growth is likely to go up by 1 to 2%, the results can only be analysed after the GST implementation. It's response is mixed from countries around the World. While the New Zealand economy had a higher GDP growth, it was lower in case of Canada, Australia and Thailand after the GST was implemented. The GST rate will be benefited for the various manufacturing Sector where the Tax rate is around 24% at present. The major manufacturing Sectors will benefit the most are FMCG, Auto, Cement and other. This is because they are currently reeling under 24 to 38% Tax.The higher GST rate will definitely boost the Tax to GDP ratio, while giving financial muscle to the Government for increasing the Capital expenditure. It will bring a lot of unorganized players in the fields like electrical, paints, hardware etc. under the Tax Net. It is easier said than done. For one it will widen the Tax reach and secondly it will benefit the organized players who lose out revenue to the Unorganized Sector at present. To the Individual one and different Companies, the collection of both the Central and State Taxes will become one, both components will hike prices on the manufacturing costs and the individual will benefit from lowered prices in the process which will subsequently lead to increase in consumption thereby profiting companies.

### CONCLUSION:

GST affected the life of Common man as they were ultimate consumers. Many things becomes cheaper and many things become costly. "One Nation,One Tax" provides to be a game changes in a positive

way and proves to be beneficial not only to the common man but also to the Country. A rising "Indian Economy" will anyways help in the financial growth of "Common Man".

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