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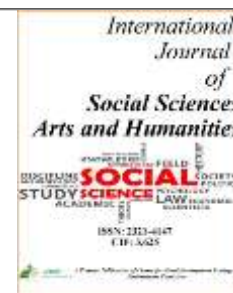
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Review Research Article**Effect of GST on Indian Economy: A Review****Rakesh Bharadwaj and Dr Ashish Kumar Singhal**

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ABSTRACT

The Goods and Services Tax (GST) went into effect on July 1st, 2017. It is an indirect tax that is imposed across India. From now on, all products and services would be subject to a single tax. About 160 nations have imposed the GST. GST will benefit the sector by ensuring a broad tax base with minimal exclusions. GST will reduce tax accumulation, break down state-to-state tax barriers, and unite the nation under a single tax rate, all of which will contribute to more efficient economic growth. The Indian economy will gain from it in numerous ways, including lower consumer prices, a unified tax rate, and less levies. A lot of sectors would be impacted by GST, either positively or negatively. According to government projections, GST would increase India's GDP by about 2%. The following rates of taxation apply to goods and services under the GST: 0%, 5%, 12%, and 18%. Certain things, such as branded goods, hotels, personal hair products, soap, etc., would have lower rates when the GST is implemented. Prices for a few goods, such as cell phone bills, bottled beverages, internet, and airline tickets, will go up. Three methods would be used to collect goods and services taxes: The three places where revenue is collected are: CGST (central government), SGST (state governments collecting tax for intra-state sales), and IGST (central government collecting revenue for inter-state sales). The paper focuses on the benefits, challenges, and impact of GST on the Indian economy.

Introduction

The first GST was established in the 2007–08 budget session. The proposal for the introduction of the GST Constitutional Amendment Bill was accepted by the Union Cabinet Ministry on December 17, 2014, ahead of schedule. In the Lok Sabha, the GST bill was introduced on December 19, 2014. The bill was taken up for widespread debate in the upcoming budget session. On September 8, 2016, the Indian President formally approved the Constitution Amendment Bill for the Goods and Services Tax (GST). This followed the bill's passage through the Indian legislative and approval by a majority of both houses of parliament (President grants assent to GST Bill, 2016). Current indirect taxes have been replaced with GST. The impact of the GST adoption will be extensive at this stage.

Features of GST:

- **Taxpayer registration:** Anyone whose annual sales exceeds Rs 20 lakh is required to register in each state where they do business. For states falling under the special category (the Himalayan and North-Eastern states), this barrier would be set at Rs 10 lakh.
- **Returns:** All taxpayers must submit monthly tax returns that include the following information: (i) details of supplies supplied; (ii) details of supplies received; and (iii) tax paid. Every taxpayer will now need to file a yearly return in addition to the monthly ones.
- **GST Exemptions:** A number of products and services are free from the GST.
- **Amount subject to taxation (supply value):** On the provision of goods and services, the following would be subject to the GST:

The study's main goal is to look into how the GST has changed India's economy. The new rules are making things hard for small businesses, and people will talk about the pros and cons of the tax. The study will look at how the Goods and Services Tax (GST) impacts small businesses and the Indian industry as a whole.

Objectives

The Goods and Services Tax (GST) is said to have changed India's economy in this study. List the good and bad things about the tax. Additionally, small businesses are having a hard time getting used to the new method.

- Learn about how India's Goods and Services Tax (GST) came to be and how it has changed the business of the country. Trade and growth get better, more people can get money, and more people follow the rules.
- To find out what issues small businesses are having with the GST system and how these issues are hurting the economy's growth and job creation.
- To make the GST work better and help small businesses all over the country get the most out of it.

Literature review

Indian taxes have changed a lot because of the Goods and Services Tax (GST). According to Nawaeem and Khan 2020, the plan's goal is to make the market and tax system work better. There are good and bad things that have happened to the Indian economy since GST began. We are going to talk more about how GST has changed the Indian economy in this paper.

Positive Effects

It's been good for business in many ways since India put in place the Goods and Services Tax (GST). Things that went between states used to be charged more than once because of the "cascading effect" of taxes (Sahoo 2020). This is no longer the case. Folks and businesses pay less tax these days, which makes the tax system work better. Second, the GST has made it easier for people and things to move around India. This has made the economy grow and bring in more business. Business people and buyers are now more interested in the Indian market because of this. Third, the GST makes it easier for businesses to follow tax rules, which makes them more likely to do so. This gave the government extra money, which is thought to be between 1% and 1.5% of GDP (Kumar and Yadav 2019). Fourth, the GST has made it easier for small and medium-sized businesses to get loans, which has given more people access to money. For companies that don't use paper for tax payments, there is now a market for bills and a better credit base.

The GST has made a big difference in the Indian economy. Many separate taxes were replaced by one single tax when GST was put in place. People could see how much tax they would have to pay when they bought certain things, which made India's tax system easier to understand (Kulkarni and Apsingekar 2021). There aren't any hidden taxes, so the amount that is taxed is lower. This has made more things be made and sold. Both the automatic payment of secondary taxes and the fact that GST has lessened the effects of taxes that build up over time have made things less expensive. It is now easier for businesses to follow tax rules. This could mean that more people pay taxes in the country, which is good for the economy. The Goods and Services Tax (GST) that India put in place helped the economy in many ways. For example, it increased output, made it easier for people to follow tax rules, and let more goods be shipped. India's economy may have grown and done well because of things like these.

Negative Effects

While some people believe GST is good for the Indian economy, others disagree. Firstly, since GST came into effect, most everyday items cost more. Things now cost more since this happened. Additionally, some individuals state that GST is hard to understand. Makers complain that the new method is tough to get used to and that they have to wait too long to get paid. Lastly, the GST system is making things tough for some little companies (Bansal et al. 2020). This makes it harder for the country to compete. It's because of this that many people are worried about how the GST will affect job and business growth.

Price changes for goods and services in India have happened since the GST was put in place. When this happens, we call it inflation. As a result, people used the things they already had less. Due to less spending, the GDP dropped. As another benefit, the GST has made it easier for companies to work together. There will soon be only one market for all goods and services. It has bettered some places and made others worse. In India, the Goods and Services Tax (GST) has both good and bad effects on the business. The way it was set up has also made things hard. Individuals who buy things now need to pay more in taxes because of these factors. Businesses are also having a tough time getting used to the new method. Many individuals are concerned about the impact of the GST on the business and job creation (Khan 2020). India's GST will only last if these issues are fixed and the change's advantages are shared fairly throughout the economy.

Businesses can benefit and suffer from India's new GST. Financial services are now available to more people, trade and growth are faster, and cascades are safer. Things are tougher for small businesses, though, and taxes cost everyone more. The Indian economy will grow with GST, though, as long as these issues are fixed and everyone gets the same amount (Shinde 2019). To fully understand how GST will change the Indian economy in the long run, more study needs to be done.

Methodology

The study examines how the GST has fundamentally altered the Indian economy using qualitative data. It offers recommendations on how to improve GST's functionality and assist small enterprises in making the most of it. The goal of the study is to further the analysis and research already conducted in this field. This will be accomplished by examining primary and secondary data to obtain a comprehensive understanding of the impact of GST on the Indian economy.

The Indian economy was altered by the Goods and Services Tax (GST). To figure out how, we shall examine historical documents. We will analyze the data and look for patterns and trends in the Indian economy using a variety of statistical techniques, including regression analysis, association analysis, and descriptive statistics (Bhawan 2020). The GST is a difficult shift for small firms,

thus this research will examine its benefits and drawbacks. It will originate from a variety of sources, including government publications, study papers, and corporate studies.

The Indian economy has been harmed by the Goods and Services Tax (GST). Examining historical documents can teach us a lot about how to correct it. Before being utilized, the new data will be verified twice to ensure that it is accurate and pertinent to the objectives of the study. To find out what professionals think about the Goods and Services Tax (GST) and how it affects the Indian economy, three different study styles will be employed.

Results

Pre-GST tax system and its implications for the Indian economy

The central and state governments of India had a number of indirect taxes in place before the GST. It was hard to understand these taxes and figure out how they fit in with other fees. When things were done this way, economies didn't work well and there were tax walls between states (Jindal 2019). The GST was made to fix these problems and make sure that everyone in India pays the same amount of tax. People thought this would help the business and bring in more tax money. Before GST, the tax system had different effects on the Indian economy. Takalkar and WaniNalanda mention that it was hard for buyers and manufacturers to keep track of their money because there were a lot of tax forms and unclear rules. It also costs people more to buy things because of the split tax system, as the effects of the different taxes added to each other (Singh 2020). There was a lot of wasted tax money and income before GST. This meant that the government didn't get as much money as it could have. A lot of people thought that the GST would make a big difference. By combining several taxes into one, it tried to make the tax system work better. This helped people figure out how much tax they would have to pay for different items and made the math easy. People thought that dropping the total tax amount would encourage more investments in the production cycle (Jency and Bharthvajan 2020). This would boost output and assist the economy to grow. Health care, e-commerce, and telecoms were all affected by the tax system that existed before GST. Anyone who gave it some thought knew that the GST would affect these businesses in both good and bad ways.

Impact of GST on the Indian economy

A lot of study has been done on how the Indian economy has changed because of the Goods and Services Tax (GST). A lot of research has been done on the good and bad impacts of GST on various parts of the economy. India will trade and grow more because of the GST. People will also follow the rules better and have more financial equality (AGARWAL and SINGH 2019). Making the tax system more clear and efficient is one of the best things about the Goods and Services Tax (GST) for the Indian economy. This helps the economy grow. It is easy to do business now that there is a united market thanks to the Goods and Services Tax (GST) (Mehrotra and Kalra 2020). Now that trade and growth have grown, business owners and investors are more interested in the Indian economy. Businesses can also pay their taxes more easily now that GST is in place because people are more likely to follow the rules. This gave the government extra money, which is thought to be between 1% and 1.5% of GDP. GST has made India a cleaner place to live and cut down on tax fraud, which has helped the economy (Bhattarai 2020). Large and small companies can now get loans more easily thanks to GST. This is another way that GST has helped more people manage their money. Tax laws are easier to understand now, so more people are paying them. The business is now more fair because of this.

The challenges faced by small businesses in adapting to the GST system

A lot of research has been done on how the GST affects small companies and how it changes competition and job growth. The GST that was talked about will have an effect on small and medium-sized companies in India. Things that people who were there said, polls, and conversations with GST shops were all mixed together (Kumar 2019). Small and medium-sized businesses (MSMEs) are having a hard time with GST. This study shows how these problems affect the country's ability to make jobs and offer goods and services.

GST may teach small businesses new things, according to another study. A study looked at how the new tax code affected small businesses and what they learned from it. The change in GST is making things hard for small businesses. The study looked at how these issues impact the growth of businesses and jobs. A lot of the Indian economy would be changed by the GST. To find out how it would affect the whole economy, a study was done. With data from other sources, this study looked at how the GST affects small businesses and the growth of jobs across the country. Small businesses are having trouble because of the GST, and this study made it clear how that affects the Indian economy.

Conclusion

Ultimately, the Indian economy is impacted by the GST in both positive and negative ways. The Goods and Services Tax (GST) prevented tax cascades. People were more inclined to abide by the law, trade and growth accelerated, and more people had access to financial services (Shaikh 2020). On the other hand, some argue that the GST is a poor idea since it increases taxes for consumers, makes it difficult for companies to transition to the new system, and causes people to worry about the economy and employment market. To make the most of GST, consider its effects on society, its global competitiveness, and the strength of its regulations. Numerous sites will examine how the GST would impact the Indian economy. To properly comprehend the long-term effects of GST on the Indian economy, particularly on job creation, economic growth, and advancement, more study is required. According to research, small firms may find it challenging to adjust to the GST system. This research might lead to solutions. Not to mention, the Goods and Services Tax (GST) in India is still being established. To ensure that it functions and boosts the economy as much as possible, additional investigation and analysis are required.

Recommendations

What steps may be taken to optimize the benefits of the Goods and Services Tax (GST) for small enterprises in India? These concepts are the result of several investigations and expert opinions. Equalizing tax rates for everybody is one strategy to support economic growth and competitiveness (Garg and Sain 2022). Making tax laws simple to comprehend is another strategy. Facilitating the filing of 37 GSTIN records expedites the procedure and enhances corporate operations. In order for the GST network to continue operating legally and correctly, its IT problems must be resolved as soon as possible. The regulations pertaining to the filing of GST reports must be modified in order to correct errors.

A great deal of information is needed to align current points. This legal job can go more quickly with a small adjustment. Cooperative federalism will benefit from a stronger GST Council and decision-making based on dialogue (Ahmad 2021). The regulations against selling should be carefully reviewed in order to prevent additional effort and ensure that GST is adhered to. It could be less expensive and simpler to utilize one cash book than many ones. If small companies can have part or all of the restrictions exempted for goods and services they use for business, then it may increase their likelihood of adhering to the regulations. By employing these tactics, the Indian government and other governing bodies may be able to benefit more from GST. Indian economy will get better, there will be more jobs, and the economy will grow.

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