A MINI PROJECT REPORT

ON

"GST ROLL OUT – A REVOLUTIONARY STEP TOWARDS STRENGTHENING ECONOMY"

MINI PROJECT SUBMITTED IN FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

FROM

BENGALURU CITY UNIVERSITY

SUBMITTED BY

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(2021-2022)

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I hereby declare that the Project Report entitled **GST Roll Out - A Revolutionary Step Towards Strengthening Economy** has been prepared by me under the supervision and guidance of **Mr. Mohammed Wajid**, during the year **2021-22** in a partial fulfillment of the university regulations for the award of the degree of **Master of Business Administration** by **Bengaluru City University**.

I further declare that this project is based on the original study undertaken by me and has not been submitted at any time to any university or institution for the award of any other degree or diploma.

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SUBIYA FARHEEN A

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INTRODUCTION

CHAPTER 1: INTRODUCTION

INTRODUCTION ABOUT TOPIC:

➢ INTRODUCTION TO TAX:

A tax is a compulsory financial charge or some other type of levy imposed upon a taxpayer (an individual or legal entity) by a governmental organization in order to fund various public expenditures. Taxes consist of direct or indirect taxes and may be paid inmoney or as its labour equivalent. Most countries have a tax system in place to pay forpublic, common or agreed national needs and government functions. The legal definition, andthe economic definition of taxes differ in some ways such as economists do not regard many transfers to governments as taxes. For example, some transfers to the public sector arecomparable to prices. Examples include, tuition at public universities, and fees for utilities provided by local governments. Governments also obtain resources by "creating" money and coins (for example, by printing bills and by minting coins), through voluntary gifts, by imposing penalties (such as traffic fines), by borrowing, and also by confiscating wealth. From the view of economists, a tax is a non-penal, yet compulsory transfer of resources from the private to the public sector, levied on a basis of predetermined criteria and withoutreference to specific benefit received.

➢ MEANING OF TAX:

Tax is money that people have to pay to the government. The government uses the money it gets from taxes to pay for things. For example, taxes are used to pay for people who work for the government, such as the military and police, provide services suchas education and health care, and to maintain or build things like roads, bridges and sewers.

➢ TYPES OF TAXES:

There are two types of taxes namely,

- Direct taxes and
- Indirect taxes.

➢ MEANING OF DIRECT TAX:

Direct tax is tax that are to be paid directly to the government by the individual or legal entity. Direct taxes are overlooked by the Central Board of Direct Taxes (CBDT).Direct taxes cannot be transferred to any other individual or legal entity.

➢ TYPES OF DIRECT TAXES:

- Transfer Taxes: The most common form of transfer taxes is the estate tax. Such tax is levied on the taxable portion of the property of a deceased individual, including trusts and financial accounts.
- Income Tax (IT): It is based on one's income. A certain percentage is taken from a worker's salary, depending on how much he or she earns.
- Entitlement Tax: Such type of direct tax is the reason why people enjoy socialprograms like Medicare, Medicaid, and Social Security.
- Property Tax: It is charged on properties like land and buildings and is used for maintaining public services like the police and fire departments, schools and libraries, as well as roads.
- Capital Gains Tax: Such type of tax is charged when an individual sells assets such as stocks, real estate, or business. The tax is computed by determining the difference between the acquisition amount and the selling amount.
- Prerequisite Tax: These are taxes that are levied on the different benefits and perks that are provided by a company to its employees.
- Corporate Tax: The income tax paid by a company is defined as the **corporate tax**. It is based on the different slabs that the revenue falls under. The sub-categories of corporate taxes are as follows:
- Dividend Distribution Tax (DDT): This tax is levied on the dividends that companies pay to the investors. It applies to the net or gross income that an investor receives from the investment.
- Minimum Alternative Tax (MAT): Companies pay the IT Department through MAT which is governed by Section 115JA of the IT Act. Companies that are exempt from MAT are those that are in the power and infrastructure sectors.

➢ MEANING OF INDIRECT TAXES:

Indirect taxes are basically taxes that can be passed on to another entity or individual. It is usually imposed on a manufacturer or supplier who then passes on the tax to the consumer. The most common example of indirect tax is the excise tax on cigarettes and alcohol. Value Added Tax (VAT) is also an example of an indirect tax.

➢ TYPES OF INDIRECT TAXES:

- Sales Tax: Whenever people go to the malls or department stores to shop, they are already about to pay indirect taxes. Goods such as household items, clothing, and other basic commodities are subject to such types of taxes.
- Goods and Services Tax: This is a consumption tax that is levied on the supply of services and goods in India. Every step of the production process of any goods or value-added services is subject to imposition of GST.
- Excise Tax: Excise tax is also very common. When a manufacturer buys the raw materials for the company's products, for example, tobacco for cigarette companies, they already need to pay indirect taxes on the items.
- Customs Tax: Ever wonder why imported products are expensive? It is becauseof customs tax. When a container filled with bananas from another country enters the US, the importer pays indirect tax (customs tax), which is then passed on to the consumers.
- Entry Tax: This is tax that is levied on the products or goods that enter a state, specifically through e-commerce establishments, and is applicable in the states of Delhi, Assam, Gujarat, Madhya Pradesh, etc.
- Other Taxes: Other taxes are minor revenue generators and are small cess taxes. The various sub-categories of other taxes are as follows:
- Property Tax: This is also called Real Estate Tax or Municipal Tax. Residential and commercial property owners are subject to property tax.
- Road Tax and Toll Tax: This tax is used for the maintenance of roads and toll infrastructure.
- Professional Tax: This employment tax is levied on those who practice a profession or earn a salaried income such as lawyers, chartered accountants, doctors, etc.

➢ INTRODUCTION TO GST:

GST Stands for Goods and Services Tax (GST). The GST Act was passed in the Lok Sabha on 29th March, 2017 and came into effect from 1st July, 2017. It was termed as One Nation One Tax. Goods and Services Tax (GST) is an indirect tax (or consumption tax) used in India on the supply of goods and services. It is a comprehensive, multistage, destination-based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes. Goods and services are divided into five different tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%. However, petroleum products, alcoholic drinks, and electricity are not taxed under GST and instead are taxed separately by the individual state governments, as per the previous tax system. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold.

In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. Pre-GST, the statutory tax rate for most goods was about 26.5%, Post-GST, most goods are expected to be in the 18% tax range. The tax came into effect from 1 July 2017 through the implementation of the One Hundred and First Amendment of the Constitution of India by the Indian government. The GST replaced existing multiple taxes levied by the central and state governments. Indirect Taxes are taxes that are imposed on goods or services taxes like Central Excise Duty, Customs Duty, Service Tax, Value added tax or sales tax. In order to regulate indirect taxation in India, there are a number of tax laws and regulations enforced by Central or State governments. In any economy tax policies plays a major role through their impact on both proficiency and equity.

➢ MEANING OF GST:

The GST is basically an indirect tax that brings most of the taxes imposed on most goods and services, on manufacture, sale and consumption of goods and services, under a single domain at the national level. In the present system, taxes are levied separately on goods and services. The GST is a consolidated tax based on a uniform rate of tax fixed for both goods and services and it is payable at the final point of consumption. At each stage of sale or purchase in the supply chain, this tax is collected on value-added goods and services, through a tax credit mechanism.

➢ EXAMPLE OF GST CALCULATION:

Let us assume that the GST is set at 5% Suppose that the manufacturing cost of a Product A is 100 and assuming a GST of 5% the total amount is Rs. 105 The next step of taxation would be when the Product is sold to consumers, let’s say at a price of 150. So the GST will charge another 5% on just the difference of Rs. 150 and Rs. 105 i.e. only 5% on Rs. 45 which is equal to Rs. 2.25. So the final price is Rs. 150 + Rs. 2.25. Unlike the case of petrol pricing there is no tax on a tax now. This eliminates the cascading effect of taxes which is very prevalent in our economy and has been simplified to an elemental level in the example. Since the GST will be applied at every step of value creation it will be very difficultfor black money owners to participate anywhere in the value chain with the GST without accounting for all other transactions.

➢ DEFINITION OF GST:

“Goods and services tax (GST) is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set of benefits from the producer’s / service provider’s point up to the retailers level where only the final consumer should bear the tax”

➢ BACKGROUND OF GST IN INDIA:

- 2006: After successful implementation of VAT and recommendation of various committees and task forces on GST.
- 2008: Empowered committee of State Finance Ministers was constituted which submitted a report to Indian Government followed by submission of discussion paper on 10 November 2009.
- 2013: By August a report consisting of recommendations to improve GST was submitted to the parliament by the Parliament Standing Committee and GST bill was ready to be introduced in the parliament which was opposed by the then Gujrat’s Chief Minister shri Narendra Modi.
- 2016: Finally, on August 3rd 2016 The Constitution Amendment Bill was passed from Rajya Sabha by two third majorities and was assented by the then Honorable President Shri Pranab Mukherjee.

- 2017: On January deadline to roll out GST was announced as 1st July and by February draft Compensation Bill was finalised to make good any revenue loss to states in 1st five years of GST roll out.

➢ NEED FOR GST:

- The main reason behind introducing GST is to improve the economy of the nation.
- Applying of GST will do more than simply redistribute the tax burden from one sector or Group in the economy to another.
- Provides greater certainty and transparency of taxes.
- Ensures tax compliance across the country.
- GST will avoid double taxation to some extent.

➢ WHY IS GST IMPORTANT:

- GST will ensure the uniformity of taxes across the states regardless of place of manufactures or distribution.
- Eliminates the multiplicity of taxation.
- GST environment would lead to improved disclosure of economic transactions which may have a positive impact on direct tax collections also.
- It will mitigate cascading and double taxation and enable better compliance through the lowering of overall tax burden on goods and services.

➢ FEATURES OF GST:

- Centre will levy IGST on inter-State supply of goods and services. Import of goods will be subject to basic customs duty and IGST.
- GST defined as any tax on supply of goods and services other than on alcohol for human consumption. Petroleum and petroleum products i.e. crude, high speed diesel, motor spirit, aviation turbine fuel and natural gas shall be subject to the GST on a date to be notified by the GST Council.
- It will replace multiple taxes like VAT, CST, Excise Duty, Entry Tax, Octroi, LBT, Luxury Tax act.
- GST is one indirect tax for the entire nation, which will make India “one unified common market”.

ADVANTAGES OF GST:

- GST is a transparent tax and also reduce number of indirect taxes.
- Life gets simpler- GST will replace 17 indirect tax levies and compliance costs will fall.
- Investment boost-For many capital goods, input tax credit is not available.
- Boost for E-Commerce Sector- Freeing up online State restrictions.
- Improved efficiency of logistics.

SHORTCOMINGS OF GST:

- Services will become expensive e.g. Telecom, banking, airline etc.
- GST will mean an increase in operational costs
- GST came into effect in the middle of the financial year
- SMEs will have a higher tax burden
- Being a new tax, it will take some time for the people to understand its implications.

STRUCTURE OF GST:

- CGST: CGST stands for CENTRAL GOODS AND SERVICE TAX, the tax is levied based on intrastate supply of goods and services. The share of GST tax is redirected to the revenue department of central government. CGST replaces all the current Central taxes like Central Excise Duty, Service Tax, Custom Duty, SAD, etc. the share of this tax compensates all loss of current service tax and excise duty of the central government. In case of local sales, Under GST 50% quantum tax is transferred to SGST.
- SGST: SGST stands for STATE GOODS AND SERVICE TAX, this tax is similar to CGST as part of tax which is diverted to the state government has been credited to revenue department of state government. In SGST tax are exacted by within one state where transaction of goods and services take place. SGST compensate the loss of other existing tax like sales tax and value added tax (VAT) which was replaced all these taxes and has been a sole claimer of the revenue to the state government.

- IGST: IGST stands for INTEGRATED GOODS AND SERVICES TAX. This tax is applicable when transactions take place on interstate or when two states involved in purchases of goods and services. This tax is collected by central government. One part of tax is transferred to central government and rest istransferred to the state government.

➢ SCOPE OF GST:

- GST is applicable on the supply of goods or services
- Alcoholic liquor for human consumption is exempt from GST.
- Initially, GST will not apply to:
- Petroleum crude,
- High speed diesel,
- Natural gas, and
- Tobacco and tobacco products will be subject to GST.

➢ RATES OF GST FOR DIFFERENT PRODUCTS:

- Nil - Fresh Meat, Fish Chicken, Eggs, Milk, Butter Milk, Curd, Natural Honey, Fresh Fruits And Vegetables, Coffee Beans, Wheat, Rye, Rice, Flour, Besan, Bread, Prasad, Salt, Bindi, Sindoor, Stamps, Judicial Papers, Printed Books, Newspaper, Bangles, Handloom, Pooja Equipment, Jute, Khadi, National Flag, Raw Silk.
- 0.25% - Rough Diamonds, Rough Precious or Semi-Precious Stones Falling Under 7102, 7103 And 7104.
- 3% - Gold, Silver, Jewelry, Platinum, Pearl, Diamond, Stone and Coins.
- 12% - Frozen Meat Products, Better, Cheese, Ghee, Dry Fruits in Packaged Form, Animal Fat, Sausage, Fruit Juices, Bhutia, Namkeen, Ayurvedic Medicines, Tooth Powder, Agarbatti, Coloring Books, Picture Books, Umbrella, Cell Phone, Coated Fabrics, Readymade Garments Of Rs 1000 And Above, Agriculture Machinery.
- 5% - Packaged Food (Wheat, Rice, Rye, Aata, Maida, Jawar, Corn), Fish Fillet, Cream, Skimmed Milk Powder, Branded Paneer, Frozen Vegetables, Coffee, Tea, Spices, Pizza Bread, Rusk, Sabudana, Kerosene, Coal, Specified Medicines, Stent, Life Boats, Footwear Below 500,Sugar, Cotton Yarn, Natural Fibre, Silk Yarn, Silk Woven Fabric, Cotton Fabric And Readymade Garments Upto Rs. 1000.

- 18% - Flavored Refined Sugar, Pasta, Cornflakes, Pastries and Cakes, Preserved Vegetables, Jams, Sauces, Soups, Ice Cream, Instant Food Mixes, Mineral Water, Tissues, Envelopes, Tampons, Note Books, Steel Products, Printed Circuits, Camera, Speakers And Monitors, Biscuits, Footwear RS 500 And Above.
- 28% - Chewing Gum, Molasses, Chocolate Not Containing Cocoa, Waffles andWafers. Coated with Chocolates, Pan Masala, Aerated Water, Paint, Deodorants, Shaving Creams, Hair Shampoo, Dye, Sunscreen, Wallpaper, Ceramic Tiles, Water Heaters, Dishwasher, Weighing Machine, Washing Machine, Atm, Vending Machine,Vacuum Cleaner and Automobiles ext.

➢ **IMPACT OF GST ON INDIAN ECONOMY:**

It is expected that the creation of the Goods and Service Tax act and its implementation will have a great impact on various aspects of business in India by changing the traditional pattern of pricing the products and services. The Goods and Service Act will also have a great impact on the tax system in India by reducing the unfavorable effect of tax on the cost of goods and services. GST is expected to change the whole indirect tax systemby impacting the tax structure, tax computation, credit utilization and tax frequency. It will also help in supply chain optimization. It will help in creating a single national market by merging several Central and State taxes under a one single tax procedure. The tax rate under GST are set at 0%, 5%, 12%, 18% and 28% for various goods and services, and almost 50% of goods & services comes under 18% tax rate. Let’s now examine how GST on some day- to-day good and services will have an impact on the final consumer.

- Entertainment and Hospitality: By allowing credit between goods and services, GST will prevent cascading of taxes, resulting in increased profits for companies in this sector. Simplifies levy and valuation on composite transactions. Thus, will reduce litigation challenges and related costs faced by companies in this sector.
- Healthcare Industry: Uniform classification of Healthcare products under both CGST and SGST to avoid litigations. Credit on all types of GST (on goods and services) incurred for all business functions to avoid cascading effect. Abolition of all other indirect taxes like- Entry tax, Cess, Additional Tax, octroi etc. Position of credit of taxes paid on pre-operative activities for establishing manufacturing set-up.

- Food Industry: The application of GST to food items will have a significant impact on those who are living under subsistence level. But at the same time, a complete exemption for food items would drastically shrink the tax base. Food includes meat, fish and poultry, milk and dairy products, fruits and vegetables, candy and confectionary, snacks, prepared meals for home consumption, restaurant meals and beverages. Even if the food is within the scope of GST, such sales would largely remain exempt due to small business registration threshold. Given the exemption of food from CENVAT and 4% VAT on food item, the GST under a single rate would lead to a doubling of tax burden on food.
- Financial Services: In most of the countries GST is not charged on the financial services. Example, In New Zealand most of the services covered except financial services as GST. Under the service tax, India has followed the approach of bringing virtually all financial services within the ambit of tax where consideration for them is in the form of an explicit fee. GST also include financial services on the above grounds only.
- FMCG Sector: Despite of the economic slowdown, India’s Fast Moving Consumer Goods (FMCG) has grown consistently during the past three – four years reaching to $25 billion at retail sales in 2008. Implementation of proposed GST and opening of Foreign Direct Investment (F.D.I.) are expected to fuel the growth and raise industry’s size to $95 Billion by 201835.
- Agriculture: Agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. One of the major issues faced by the agricultural sector is transportation of agri products across state lines all over India. It is highly probable that GST will resolve the issue of transportation. GST may provide India with its first National Market for the agricultural goods. However, there are a lot of clarifications which need to be provided for rates for agricultural products.
- Real Estate: The real estate sector is one of the most pivotal sectors of the Indian economy, playing an important role in employment generation in India. The probable impact of GST on the real estate sector cannot be fully assessed as it largely depends on the tax rates. However, it is a given that the sector will see substantial benefits from GST implementation, as it will bring to the industry much required transparency and accountability.

- Manufacturing Industry: The incidence of the present multistage taxation increases the manufacturing cost of most of the production units in India. But a flawless GST can help this sector to reduce their cost to the extent of almost 50 per cent. This will help them to compete with their counterparts in the west. "Even a two per cent reduction in production cost will increase profits by over 20 per cent, giving headroom for reducing prices and benefitting end-users" (Kelkar, Vijay, 2009). It is estimated that the implementation of GST would reduce the overall prices of all manufacturing sectors between 1.22 and 2.53 per cent.
- Automobiles: The automobile industry in India is a vast business producing a large number of cars annually, fueled mostly by the huge population of the country. Under the current tax system, there are several taxes applicable on this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty which will be subsumed by GST. Though there is still some ambiguity due to tax rates and incentives/exemptions provided by different states to the manufacturers/dealers for manufacturing car/bus/bike, the future of the industry looks rosy.
- IT Sector: To be in sync with the best International practices, domestic supply of software should also attract G.S.T. on the basis of mode of transaction. Hence if the software is transferred through electronic form, it should be considered as Intellectual Property and regarded as a service and if the software is transmitted on media or any other tangible property, then it should be treated as goods and subject to G.S.T. 35 According to a FICCI Technopak Report.
- Pharma: On the whole, GST is expected to benefit the pharma and healthcare industries. It will create a level playing field for generic drug makers, boost medical tourism and simplify the tax structure. If there is any concern whatsoever, then it relates to the pricing structure (as per latest news). The pharma sector is hoping for a tax respite as it will make affordable healthcare easier to access by all.
- Mobile Bills: People will have to pay more on mobile phone bills as GST on telecom services is now 18%, as opposed to the earlier tax rate of 15%.
- Footwear & Garments: Footwear costing more than INR 500 will have a GST rate of 18% from an earlier rate of 14.41% rate but rates for the footwear below INR 500 has been reduced to 5%.

- Cab and Taxi Rides: Taking an Ola or an Uber now will be cheaper because the tax rate has fallen to 5% from an earlier 6% for a cab booking made online.
- Airline Tickets: Under the GST, tax rate for economy class for flight tickets is set at 5% but the tax for business class tickets will have a higher tax rate of 12%.
- Movie Tickets: Movies tickets costing below INR 100 will be charged a GST rate of 18% but prices above INR 100 will have a higher tax rate of 28%.
- Life Insurance Premium: The Premium Amounts on policies will rise; with an immediate impact which can be seen on the term and endowment policy premiums as the rates have been increased under GST across life, health and general insurance.
- Education & Medical Facilities: Education and Medical sectors have been kept outside the GST scope and both the primary education & healthcare is exempted fromGST. It means a consumer will not pay any tax for the money spent on these services. But due to increase in tax rates for certain goods & services as procured by these organizations, they may pass on the additional tax burden to the consumers.
- Restaurant Bills: This will depend on whether one dined at an AC or Non-AC establishments which do not serve alcohol. Now dining at five-star hotels will be charged at 18% GST rate and the Non-AC restaurants will be charged 12% and a 5% GST will be charged from small hotels, dhabas and restaurants that do not cross an annual turnover of INR 50 Lakh.
- Amusements Parks: The ticket price for amusement parks and theme parks willincrease as the earlier service tax of 15% will become 28% under the GST. There isno doubt, the implementation of GST will take time, but it is likely to create more employment opportunities and economic inclusion. After a lot of deliberation, the GST council finalized the rates for all the goods and major service categories under various tax slabs, and the GST is expected to fill the loopholes in the current system and boost the Indian economy.

STATEMENT OF THE PROBLEM:

The statement of the problem is to study study the GST (Good and Services Tax) and impact of GST on Indian economy. In India we have rigid and time-consuming taxation system. Because of its Indians are going to face many problems, especially in case of indirect tax system. The main problems are multiplicity of taxes, dominance of indirect taxes, complexity and corruption etc. In order to overcome these problems, there is a need of one tax reform, that reform takes place recently is called GST. Therefore, an attempt has been made to study the GST (Good and Services Tax) and impact of GST on Indian economy.

NEED AND RELEVANCE OF THE STUDY:

GST is the most remarkable and ambitious tax reform in India's post-independence history. If asked about the need of GST in India then its aim and vision were to levy a single national uniform tax across the nation on all types of goods and services. GST has replaced multiple taxes like sales tax, service tax, etc., which made India more of an integrated national market and brought more people into the taxation net is the need for GST. By improving efficiency, it can add substantially to finances as well as the growth of the country. Implementing a new tax regime, inculcating both goods and services by the State and the centre in a large and complex system is perhaps unprecedented in the modern tax history of the globe.

CHAPTER: 2

METHODOLOGY

CHAPTER 2: METHODOLOGY

OBJECTIVES OF THE STUDY:

- To study the concept GST (Goods and Services Tax).
- To know the impact of Goods and Services Tax on Indian Economy.

SCOPE OF THE STUDY:

The research of the present study covers the scope which is limited to the concept GST (Goods and Services Tax) and the impact of Goods and Services Tax on Indian Economy. The study enables the students to develop independent critical thinking skills and itcan be utilized by the juniors as reference material for their relevant research study.

METHODOLOGY OF THE STUDY:

The study is descriptive in nature. It has been carried out with the help of secondary data taken from various journals, text books, newspapers, magazines, internet sources and online research reports.

SOURCES OF DATA:

- **SECONDARY DATA:**

Secondary data is a data which is readily available. The data for the present study covers the secondary sources such as magazines, websites, journals, newspapers, various books related to the topics and other references were made.

LIMITATIONS OF THE STUDY:

- Time constraint.
- In depth research was not made.
- There might be bias in the secondary information.

CHAPTER: 3

SWOC ANALYSIS

CHAPTER 3: SWOC ANALYSIS

STRENGTHS:

- It will dropping out the cascading effects of tax on production and distribution of goods and services which will competitiveness and consequently, GDP will increase.
- It will apply all goods and services except some exempted products.
- Tobacco is not exempted from the area of GST. It is treated as Sin goods and come under the taxation with central excise tax.
- Natural gas, Aviation Turbine Fuel (ATF), High Speed Diesel (HSD), Crude oil, Petrol products are exempted till the GSTC (Goods and Service Tax Council) discloses date of their formation.
- Alcohol, real estate, custom duty and electricity are exempted from GST. (Proposed article, 366 (12A).
- GST would be dual taxation system. It would be charged intra-State by Central and State governments. It would be called CGST (Central Goods and Service Tax) and SGST (State Goods and Service Tax).

WEAKNESS:

- The doorstep goal is very ground level for traders and service providers. It will raise appropriation of government ways and means which are costlier than government's revenue.
- GST is a subsume of various States and Central taxes like excise duty, cess, service tax, countervailing duty etc., but many more are left which should be included like electricity, alcohol etc.
- GST for States and Central (SGST, CGST) seems to be different, further it can be diversified on the basis of location, geographical structure etc.
- The tax rate is depends upon availability of fund in States. The States has power to increase the rate according to their need.
- This system is very fond of technology, but India is a developing country where people are not habitual of technology.

OPPORTUNITIES:

- The rates of tax are set at ground level which will help States and Unions to collect more revenue.
- It will reduce the transaction costs and wastages of scare resources because at a one registration people can do transactions from States and Unions. So, it will connect the whole nation from a single click.
- In indirect tax structure multiple taxes were charged from taxpayers. But GST will eliminate the taxes on chain of transactions.
- GST is also known as "One Point Single Taxation System". This is a helping hand for businessman's, they can come to agreement on price modalities, supply chain etc., without thinking too much about taxes imposed on them at later stages.
- GST will reduce average tax burden of consumers. They will be certain about their taxes which will reduce evasion of taxes.
- GST can provide the opportunity of Corruption Free Indian Revenue Services. The root of corruption found in political system. It will bring transparency in Indian political system.

CHALLENGES:

- Inter-States supply of goods and services are considered as import and IGST will be applied (1%) in addition to custom duties.
- The Central government promised for compensation to loss making States for a period of 5 years. The compensation will be as: 100% for first 3 years, 75 % for 4th year and 50% for 5th year.
- GST is not friendly with banking sector. Because the cost of goods become cheaper after GST and it will promote export. Presently, 14% service tax is being levied on baking transactions. GST will make these transactions more costly.
- GSTC (Goods and Service Tax Council) will set the benchmark for resolving the dispute on recommendations of GSTC.
- GST is not a guarantee in itself that it would not be influenced by political parties and politicians will not use it as a win-loss game.

CHAPTER: 4

OUTCOMES OF THE STUDY

CHAPTER 4: OUTCOMES OF THE STUDY

OUTCOMES:

Goods and Service Tax (GST) is a Value Added Tax (VAT), which hypothetically to be put into effect from April 2010, but because of conflicting interest of stakeholders and various political controversies it has been passed in both Houses of Parliament on Aug. 3, 2016. It alone indirect tax which influence the whole economy directly. It is aspiring as iron out wrinkles of current indirect taxes and has a far-reaching impact on GDP. India is a centralized constitutional economy. GST is applicable on all States and Union territories, known as CGST (Central Goods & Services Tax) and SGST (State Goods & Services Tax). The ill effects of cascading can be mitigated after tie up the central and states taxes in solitarytax. The economy is expected to pave the way of common national market as it will provide benefits to consumer by reducing overall tax burden of goods, which is currently estimated at 25% to 30%. Thus, introduction of Goods and Service Tax (GST) is a gigantic tax transform in contemporary ancient times.

GST the biggest tax reform in India founded on the notion of "one nation, one market, one tax" is finally here. The moment that the Indian government was waiting for a decade has finally arrived. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. Fundamentally, the $2.4-trillion economy is attempting to transform itself by doing away with the internal tariff barriers and subsuming central, state and local taxes into a unified GST. Then again, there are fears of disruption, embedded in what's perceived as a rushed transition which may not assist the interests of the country. Will the hopes triumph over uncertainty would be determined by how our government works towards making GST a "good and simple tax". The idea behind implementing GST across the country in 29 states and 7 Union Territories is that it would offer a win-win situation for everyone. Manufacturers and traders would benefit from fewer tax filings, transparent rules, and easy bookkeeping; consumers would be paying less for the goods and services, and the government would generate more revenues as revenue leaks would be plugged. Ground realities, as we all know, vary.

So, how has GST really impacted India? Let's take a look. The implementation of GST has significantly affected the Indian economy in the following ways:

- Simplification of the tax structure: GST has simplified the taxation system of the country. As GST is a single tax, calculating taxes at the multiple stages of the supply chain has become easier. Through this, both customers and manufacturers get a clear idea of the amount of tax they are charged and its basis. Further, hassles of handling tax officials and authorities can also be avoided.
- Fostering production: As per the Indian retail industry, the total tax component is around 30% of the product cost. Due to the impact of GST, the taxes have gone down. So, the end consumer has to pay lesser taxes. The reduced burden of taxes has enhanced the production and growth of the retail and other industries.
- SME support: Small and medium enterprises can now register under the Composition Scheme introduced by GST. Through this scheme, they pay taxes according to their annual turnover. Therefore, businesses having an annual turnover of Rs. 1.5 crores only have to pay 1% GST. Moreover, other enterprises having a turnover of Rs. 50 lakh are required to pay 6% as GST.
- Enhanced pan India operations: Companies can now avoid taxation roadblocks, such as toll plazas and check posts. Earlier, these created problems, including damage to unpreserved products while transporting them. So, manufacturers had to keep buffer stock to make up for the damages. These overhead costs of storing and warehousing hampered their profit. A single taxation system has reduced these problems. They can now transport their goods easily across India. This has resulted in the improvement of their pan India operations.
- Increase in exports: GST has reduced the customs duty on exporting goods. The cost of production in the local markets has also decreased due to GST. All these factors have increased the rate of exports in the country. Companies have become more competitive when it comes to expanding their businesses globally.

SUGGESTIONS:

- It is suggested that there should be a smooth, transparent and simple transition provisions which is easily understandable.
- Since everyone are clear about GST, any disputes on GST Introduction should be prospectively addressed by way of seedy redress.
- Gradual stages may be employed for the implementation like the Agriculture sector then Industry sector and then the Service sector.
- The Government must ensure a good management of the income collected from the Goods and Services Tax.
- Rates should be rationalized and reduced to make India competitive and in interest of compliance and economic growth. The highest rate should be kept at 18% and there should be only few items that fall in 28% slab. Daily use items such as soaps, cremes, movie tickets, electrical goods should not be taxed at 28%.
- Single cash ledger concept should be used instead multiple cash ledgers i.e. separate cash ledger for CGST, SGST, IGST, interest, penalty etc.
- The issues being faced by the exporters should be dealt with and the refund procedure should be activated immediately.
- In case IGST is paid instead of CGST and SGST, and vice-versa, the recourse available is only refund. Assesses should be allowed to self-adjust in such cases.
- valuation Rules lack clarity and are debatable. This is likely to lead to litigation and transfer pricing issues / litigation.
- The Central and the State government should be in proper understanding and cooperative with each other for the successful implementation of GST.
- The government should take care about the RNR which should not affect the tax revenue to any government either central or state.
- The loss of Tax revenue should be managed and compensated properly throughproper diversification of funds without burden to anyone.

CHAPTER: 5

LEARNING EXPERIENCES AND CONCLUSION

CHAPTER 5: LEARNING EXPERIENCES AND CONCLUSION

LEARNING EXPERIENCES:

- Opportunity to learn new concepts.
- Opportunity to get explore new insights.
- Added value to the learning.
- Learned professional communication.
- Learned to collect relevant information.
- Learned to be persistent to complete the task.
- Learned to create a balance between collaborative and individual work.
- Learned to work independently.
- learned about the methods and issues.
- Studied about Goods and Services Tax (GST).
- Studies about impact of GST on Indian economy.

CONCLUSION:

GST plays an important role in Indian economy and also it helps in overall development of a nation. According to this study almost all people know about the GST andit mainly effects on Industries, it affects on the standard of living of the people, it also effects on the export of a nation and revenue of a nation. Because of GST employment opportunities will increase and also it will help in poverty eradication programmes. So GST is one of the important reform in Indian economy, we have to support the successful Implementation of Goods and Services Tax. GST mechanism is designed in such a way that it is expected to generate good amount of revenue for both central and state government. At the end we can say clearly with no doubt that it is the biggest ever change in tax structure of India. There is a fall in prices of Auto Commercial Vehicle, Two wheelers, Small cars, Midsized cars and SUV, essential items, Footwear, Building Materials etc. and education, healthcare are goingto be exempted from GST but on the other hand, price of some other goods and services increased after GST like Hotel room rental, Restaurants & fine dining and Branded Apparels. It can be concluded that GST has been going to be an historical record for its full fledge implementation and hopefully this biggest historical reform will result in ease of doing business in India. A single taxation system would encourage new businesses and entrepreneurs to engage in service and manufacturing sector. GST levied only on consumption of goods or services. This leads to eliminate economic distortions in taxation amongst states and also helps in free movement of goods, further it also minimize the complexity of taxation. It will also beneficial to individuals as the prices will go down due to GST and decrease in price leads to increase in consumption and directly increase the GDP.

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DATE OF MEETING WITH GUIDE	TOPICS DISCUSSED	SIGNATURE OF GUIDE
19-Nov-2021	Discussion of title of the study, objectives of the study, statement of the problem, and need of the study.	
30-Nov-2021	Discussion of research methodology, tools for data collection and limitations of the study.	
09-Dec-2021	Discussion of GST, impact of GST on Indian economy, and SWOC analysis.	
20-Dec-2021	Discussion of outcomes of the study, learning experiences and conclusion.	