



Original Article

Impact of GST on the Indian Economy

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Abstract

Negative and Positive impact of goods and services tax on Indian economy. GST has the potential to drive Sustainable economic development. Indirect taxes too have been responsible for some unhealthy effects on the economy. The expected increase in the tax-revenue. The goods and services tax was first implemented. In 1954 at Australia contres. After implemented GST is simplified tax structure. GST replaced a multitude of central and state taxes with a single. The transparent nature of GST and the digital filling system make it harder to evade taxes. It is also true that a great care needs to be bestowed on designing a good tax-structure, because bad tax-system can adversely affect the economy. There is no any single tax rate for GST. The characteristic of the Indian economy is the existence of capital deficiency.

Keywords: Sustainable Development, Revenue, Nature of GST, Indirect Tax, Adversely affect, underdeveloped, Rates of Capital.

Introduction

The most important is tax revenue. Government of India raises revenue more than 70 paise in a rupee from taxes. GST is a single domestic indirect taxation of India... GST is oriented tax, one nation one tax. Major Contributors to the Union Government revenue are indirect taxes. The Goods and Services Tax (GST) has had a multifaceted impact on the Indian economy. While it simplified the tax structure and boosted transparency. It also led to some initial inflationary pressures. And compliance challenges, particularly for small businesses. Negative and Positive impact of goods and services tax on Indian economy. The long-term impact of GST on the Indian economy is expected to be positive. GST has the potential to drive Sustainable economic development. In this subject we study India's goods and services tax: Indirect taxes too have been responsible for some unhealthy effects on the economy. In the recent the central government major reforms of the tax-system of the country. The new tax-policy is GST in increase income. The expected increase in the tax-revenue

Objectives of the study

1. The study is mainly related to the Impact of GST on the Indian Economy.
2. To study goods and services tax.
3. To study Impact of GST on the Indian Economy.

Methodology

The present study is based on the Collection of data from secondary sources. The secondary data was collected from various articles published in journals Books and many such periodicals

History of Goods and services Tax (GST)

The goods and services tax was first implemented. In 1954 at Australia contres. After implemented. U.K., Spain, south Korea, etc. In India, GST in 2000 after a committee by prime minister Atal Bihari Vajpayee. Minister of finance adviser Vijay Kelkar, in 2006, Minister of finance proposed goods and services tax. In India, The act was first proposed July-2017 The objective was to replace the prevailing complex-and fragmented tax structure with a unified system that would simplify compliance, reduce tax cascading and promote economic integration.

Objective of Goods and services Tax

1. Including of all indirect Taxes
2. Increase the tax to GDP ratio.

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3. Decrease corruption.
4. Increase Tax income
5. Increase 'in overall production.

Types of goods and service tax.

1. Flowing the Four types of goods and services tax
2. SGST- State Goods and services tax
3. CGST- central Goods and services Tax
4. IGST- Integrated Good and services Tax
5. UGST Union territory Goods and services Tax

GST and Indian Economy.

India is an underdeveloped economy. The objective of natural resources development is to maximise national output. Development of agriculture, industry and service sector of capital and government tax policy: Underdeveloped economies are marked by the existence of flow of capital. The problem of development increase of population. The main problem in India is the government low income. The characteristic of the Indian economy is the existence of capital deficiency. The current rate of Capital formation is also low. The Goods and Services Tax (GST) has Characteristics of the Indian Economy Increasing fax revenue. The was growth in tax revenue. GST replaced multiple indirect taxes with a single. The taxation process reducing compliance costs for businesses and promoting economic efficiency. The potential to boost economic growth, increase tax revenue. The long-term benefits of GST. Industry sector and service sector together are the backbone of Indian Economy The Total Contribution of these sectors GDP is about 84 percent Initially the sale tax was applicable on the sales if the Indian Economy. Agriculture forms the backbone of the Indian economy. Agriculture provides employment to around 65 percent of the total work force in in the country the natural increase in population could not be absorbed in industries. Agricultural Development. Essential for Economic grow with and Industrial grow with. The very fast and huge growth in the industrial and service sectors. Dual GST structure wherein both centre and states administer tax independently.

Collection of GST.-

The idea of GST in India was first proposed by the Vijay Kelkar task force on in direct taxes in 2000. The GST was start in India on 1 July 2017.

Collection of GST- 2019-20 to 2024-25-

Financial year	Total GST Collection (Rs-lakh crore)	Average monthly Collection Rs. crore
2018-19	Rs 97555 (Till Jan. 2019) crore	-
2019-20	Rs.12.22 lakh crore	Rs-1.02 lakh crore
2020-21	Rs. 11.36 lakh crore	Rs. 94.667 crore. (Covid Impact)
2021-22	Rs-14.83 lakh crore	Rs. 1.24 lakh crore.
2022-23	Rs-18.10 lakh crore	Rs. 1.51 lakh crore.
2023-24	Rs-20.18 lakh crore	Rs- 1.68 Lakh crore
2024-25	Rs.22.08 lakh crore	Rs. 1.84 Lakh crore

The average gross collection of GST in first year 2018-19 is Rs. 97555 crore. Till January 2019. The average gross collection of GST. In 2019-20 RS 12.22 lakh crore with a monthly average of Rs. 1.02 lakh crore. In 2021-22. Total collection was RS-14.83 lakh crore, with a monthly average of Rs. 1.24 lakh crore. In 2023-24 Total collection was Rs. 20.18 lakh crore with a monthly average of Rs. 1.68 lakh crore. In. 2024-25. GST Total highest collection of Rs. 22.08 lakh crore. The average monthly collection of Rs. 1.84 lakh crore.

Positive Impacts.

GST is simplified tax structure. GST replaced a multitude of central and state taxes with a single. Making compliance easier for businesses and reducing the cascading effect of taxes. GST tax including vat, excise duty, services tax etc. Goods and services Tax is an indirect tax. Impact of GST Increased tax Revenue. GST has the potential to increase government revenue in the long run. The transparent nature of GST and the digital filling system make it harder to evade taxes. The elimination of state border Check posts and streamlined tax procedures have reduced logistics costs and improved efficiency particularly benefiting the logistics and manufacturing sectors. Growth in foreign Direct & investment. A simpler tax regime and a more efficient business environ and a more efficient business environment can attract more foreign direct investment. GST promotes transparency in transactions, making it easier for businesses and consumers to understand the tax implications of their purchases the government uses tax policy in pursuit of its several economic and social objectives. Indirect taxes, shares of government income are increase. The Government of India is income increase under GAT policies. It is described as 'one Nation, one Tax! All Indirect taxes, surcharges, custom Duty are subsumed under GST. While GST aims to reduce tax evasion. The simplification of the tax system. The reduction of tax collection cost. The objective was reduce tax cascading and promote economic integration. Increased compliance and Transparency. GST aims to enhance tax compliance by bringing more businesses into the formal economy. Good and services tax is indirect tax an indirect tax the supply of goods and services are included under a single domestic indirect taxation of India. It is a multi-Stage destination-oriented tax imposed on every Value. Government of India needs tremendous revenue to meet various types of expenses and economic development of the nation. The central Government decided to adopt a dual GST structure. There is no any single tax rate for GST.

Challenges and Negative Impacts

Small and medium-sized businesses initially faced challenges in adapting to the new compliance requirements, some sectors, like textiles and pharmaceuticals, initially faced challenges due to the specific GST rates and compliance requirements. It is also true that a great care needs to be bestowed on designing a good tax-structure, because bad tax-system can adversely affect the economy. Indirect taxes, if incorrectly conceived, can distort the price-structure. As a result there can be lesser production, lesser investment. India is still one of the highly taxed nation.

The objective of equity in tax Structure. There is no any single tax rate for GST. Input Tax Credit is one of the key features of Goods and service Tax. The total contribution of Industry sector and service sector GDP is about 84 percent. Tax was applicable on the sales of goods. Like manufacturing and agriculture, initially faced Challenges due to the transition to GST. Disadvantages, Initial Compliance costs and Potential inflation in Sectors. Negative impact of GST on unemployment the unemployment rate had risen from 3.39 to 6.06 percent. The period July 2017 to February 2018 UN India. Higher tax rates on certain goods. Some product and services have become more expensive due to higher GST. Rates compared to previous tax regimes. The initial implementation of GST Caused economic disruptions.

Conclusion

The expected increase in the tax-revenue. After implemented GST is simplified tax structure. GST replaced a multitude of central and state taxes with a single. There is no any single tax rate for GST. The characteristic of the Indian economy is the existence of capital deficiency. Negative and Positive impact of goods and services tax on Indian economy. GST has the potential to drive Sustainable economic development. The transparent nature of GST and the digital filling system make it harder to evade taxes. The Government of India is income increase under GAT policies. Small and medium-sized businesses initially faced challenges in adapting to the new compliance requirements. It is also true that a great care needs to be bestowed on designing a good tax-structure, because bad tax-system can adversely affect the economy. Negative impact of GST on unemployment the unemployment rate had risen from 3.39 to 6.06 percent higher tax rates on certain goods. Some product and services have become more expensive due to higher GST.

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Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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