

Impact of GST in Indian Market-A Literature

Lalita Pali
Asst. Prof., Dept. of Economics
M. P. M. S. D. Girls College,
Ismailabad, Kurukshetra, Haryana, India

Geeta Pal
Asst. Prof., Dept. of Education,
B. R. CoE, Bhurewala, Naraingarh,
Ambala, Haryana, India

Abstract

Indian market, new tax reformed scheme was introduced to generate government's revenue equally between the state and center. This scheme was introduced by the center government because of the conflicts made by state governments between the state and center. Although, it was necessary because of various types tax were implemented by the state governments which varies one state to another state of the country. Earlier policy was like a tax upon tax implemented on the goods and services and it was again between producer and consumers, which we call it as one type of monopoly, broken by the center government. But due to this Goods and Service Tax introducing in Indian markets reflects on the small scale and medium scale manufacturing units. So this paper focused on to my notion, this GST implementation policy is like a "Wet and Draught" unemployed, which were dependant on their industrial work. Such relevant affects was shown only after GST introduced. Generally, it was slogan as "One Nation, One Tax and One Market" and finally termed as GST.

Keywords: GST, Businessman, countries, direct tax, sectors, industries, economy etc.

1. Introduction and Literature

The tax word is carved from the Latin word [1] taxare-which means to estimate. In general no one wants to contribute in terms of paying money willingly to that government where the person lives but they expect a lot of facility from that government like well gardens to walk, well planned roads to transport, and sewerage systems etc. Due to this the term tax refers to enforced contribution of the people of that place in the name of toll collection by state govt., tribute, import/export duty, excise, custom duty, subsidy and aid supply etc.

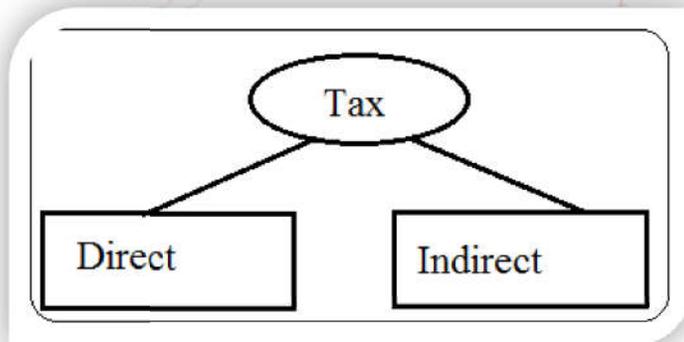


Figure 1.1 Types of Tax

But when goods transport from one place to another in the country then goods will be taxed while crossing the boundries came in between manufacturer and the consumers. Center govt. focused to reduce these taxed levels so that the cost of the produced product is reduced and the consumers can be relaxed from old levels of tax systems, which varied the cost of the product. Consider a production of goods, now there are many levels of tax collection points between manufacturer and the consumers.

GST is a single indirect tax for the whole nation, one which will make India a unified common market. It is a single tax on the supply of goods and services, right from the manufacturer to the consumer. So GST is focused to mainly

for one nation and one tax GST bill was firstly introduced in 2009 by UPA government [2] in the Lok Sabha but that failed to pass this bill. In 2014 government changed to NDA then they make up the previous filed bill and make it possible to pass from the Lok Sabha and finally, GST came into existence in the Indian market on 1st July 2017 after amendment of the Constitution of India. NDA government plays a role game changer for GST introducing into the markets and finance minister Arun Jaitley said at that “GST will lead to the financial integration of India In this schemes government reformed the existing multiple taxes levied by both the state and the center government. Basically taxes are broadly divided into the two groups:

i) Direct Taxes:-This tax is further termed as income tax. Direct taxes, such as income tax, corporate tax and capital gains tax will not be affected by GST. It will simplify India's tax structure, broaden the tax base, and create a common market across states. This will lead to increased compliance and increase India's tax-to-gross domestic product ratio.

ii) Indirect Taxes: - The goods and services tax (GST) is projected at creating a single, unified market that will benefit both corporate and the economy. It is an indirect tax that will lead to the abolition of all other taxes such as Octroi, central sales tax, state-level sales tax, excise duty, service tax, and value-added tax (VAT). Both the state and the central governments will impose GST on almost all goods and services produced in India or imported into the country.

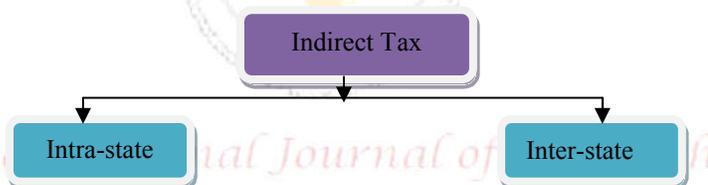


Figure 1.2 Structures of Indirect Taxes

1.2 Earlier tax structures:

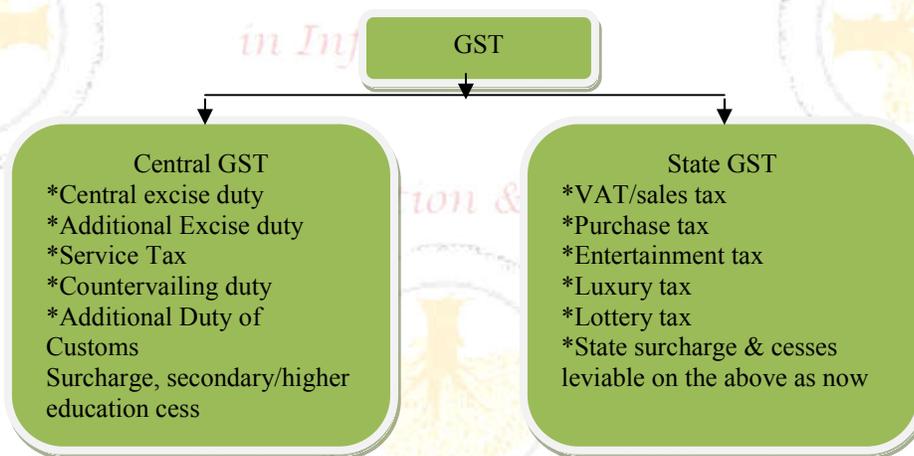


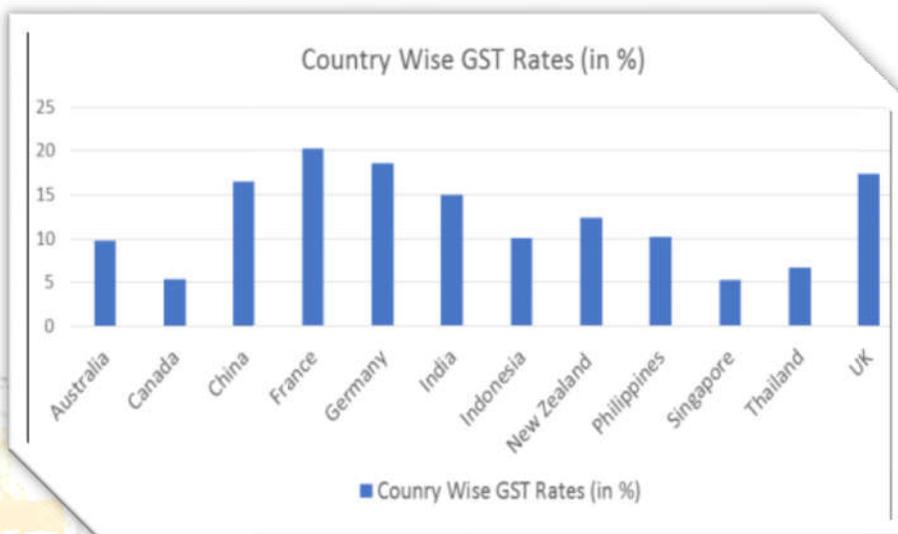
Figure 1.3 Structures of Center and State GST

1.3 Need of GST: Main motto to revive Indian economy and alternatively market ,so key parameter focused for the GST as:

- a) One nation, One Tax, and One Market
- b) Obstacle free trading anywhere in India which results to the reduction of barriers in the trading of inter-state and creation of common national market
- c) To reduce multiplicity of taxes and ensure transparency.
- d) Removal of cascaded taxes.
- e) Movement of firms or industries stopped because earlier these firms moves or left the existing place and they moves towards the state which offers tax free industrial zone which was decided by the state govt. say 5years or 10yaers etc vary state-wise. And hence investments were done by entrepreneurs based on the choice of taxes.

1.4 GST in other countries

In 1954, France was the primary nation to which actualized GST across the nation. Different countries, similar to Singapore and Canada force basically everything at a singular rate. In many nations, GST rate was executed in the scope of 15-20%. In Indonesia the rate executed is 10%. In 1986, GST was actualized in New Zealand. The Canadian experience is suggestive of the potential points of interest to the Indian economy. These two nations Canada and Brazil just have double assessment framework i.e. VAT. The GST in Canada supplanted the administration makers' business evaluate which was then forced at the rate of 60 for each penny and was near in plan and structure as the CENVAT in India. GST applies just to items and the course of action of repairs, substitution and planning organizations, in China.



Sources: <http://www.ey.com/gl/en/services/tax/worldwide-VAT-GST-and-sales-tax-guide-rates>

Figure 1.4 Graph of VAT GST worldwide

1.5 Concept of GST

Indian GST model would be a double GST with the Center and States at the same time requiring it on a typical duty base.

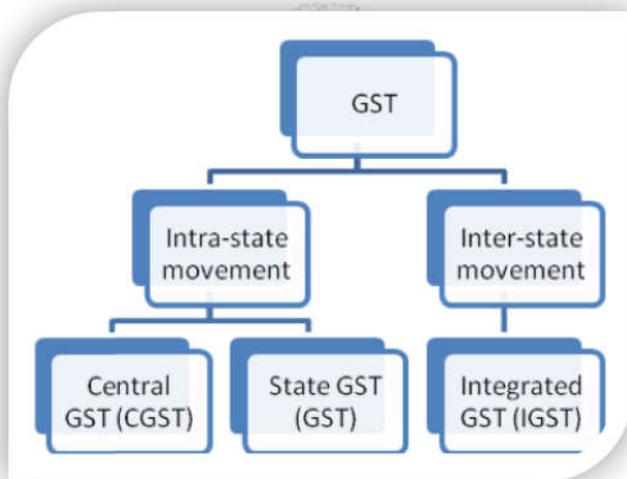


Figure 1.5 Taxes under Goods and Services Tax

The GST to be demanded by the Center on intra-state supply of products as well as administrations would be known as the Central Goods and Services Tax (CGST) and that to be imposed by the States would be known as the State

Goods and Services Tax (SGST). Correspondingly Integrated Goods and Services Tax (IGST) will be exacted and managed by Center on each between state supply of products and ventures. GST is utilization based duty i.e. the duty ought to be gotten by the state in which the merchandise or administrations are devoured and not by the state in which such products are made. IGST is intended to guarantee consistent stream of information assess credit starting with one state then onto the next. One state needs to bargain just with the Center government to settle the expense sums and not with each other state, in this manner making the procedure less demanding.

2. Literature

In India many researchers or educationist found various pros and cons and benefits or inferences etc. according to their surveys and data collections, later on authors proposed new ideas as shown below:

Ref. No.	Year	Authors	Title	Conclusion
1	2009	Ehtisham Ahmad and Satya Poddar	Goods and Service Tax Reforms and Intergovernmental consideration in India	<ul style="list-style-type: none"> • GST provides simple and transparent tax system with the increment of productive Indian economy • Benefits depends on the rational design of GST system
2	May 2014	Agogo Mawuli	Good and service tax-an appraisal	<ul style="list-style-type: none"> • GST not good for low income countries • does not provide broad based growth to the poor countries • if poor country still planning for implementation then GST rate must be less than 10% for growth
3	Dec 2015	Monika Sehrawat and Upasna Dhanda	GST in India-A key tax reform	<ul style="list-style-type: none"> • Focused only on the advantages of GST and challenges faced by India in execution. • Overview of GST concept, explains its features alongwith timelines for its implementation of GST
4	Aug 2017	Shankar R	GST Impact and implications on various industries in Indian economy	<ul style="list-style-type: none"> • Overview of the concepts of GST and its impact and implications on the various Industries in the Indian Economy.
5	Sep 2017	Priya Srivastav and P. Sekar	GST: Taxation structure	<ul style="list-style-type: none"> • There are mixed response, inexplicit, arguments and opinions among the Manufactures, traders and society about the Goods and Services Tax (GST) to be implemented by Government of India from 1st April 2017 this year.
6	Dec 2015	Dr. Shakir Shaik, Dr. S.A. Sameera, and Mr. Sk.C. Firoz	Does Goods and Services Tax (GST) Leads to Indian Economic Development?	<ul style="list-style-type: none"> • GST is expected to create a business friendly environment, as price levels and hence inflation rates would come down overtime as a uniform tax rate is applied. • An attempt is made in this paper to study the concept of goods and service tax and its impact on Indian economy. • The study also aims to know the advantages and challenges of GST in Indian scenario.
7	Nov 2016	Milandeep Kour, Kajal Chaudhary, Surjan Singh, and Baljinder Kaur	A study on impact of GST after its implementation	<ul style="list-style-type: none"> • GST help to accelerate the overall Gross Domestic Product (GDP) of the country. • GST is now accepted all over the world and countries are using it for sales tax system. • To show that, what will be the impact of GST after its implementation, difference between present Indirect

				Taxes and GST and what will be the benefits and challenges of GST after implementation
8	Oct 2016	Arpit Shailesh, and Dr. Taruna	A study on impact of goods and services tax on Indian economy: A key tax reform	<ul style="list-style-type: none"> • GST, one of the biggest taxation reforms in India is all set to assimilate Economies of the State and boost up the overall economic growth. • There would be only one tax, at the national level, and that too monitored by Central Government of India.
9	Jan 2017	Lourdunathan F and Xavier P	A study on implementation of Goods and Services Tax (GST) in India: Prospectus and Challenges	<ul style="list-style-type: none"> • The paper highlights the background, Prospectus and challenges in Implementation of Goods and services Tax (GST) in India. • Finally, the paper examines and draws out a conclusion.
10	2017	Pratima Singh	Goods and Services Tax: How will it impact Foreign Direct Investments strategy in India?	<ul style="list-style-type: none"> • This paper aims to decipher how GST will work in favour of making the Make in India initiative a success and at the same time provide a level playing field for foreign investors. • Helps in analyzing the impact of GST on attracting FDI in India.
11	2016	Akansha Khurana and Aastha Sharma	Goods and services tax in India – a positive reform for indirect tax system	<ul style="list-style-type: none"> • GST is expected to address the cascading effect of the existing tax structure and result in uniting the country economically. • Finally, the paper examines and draws out a conclusion.
12	Oct 2016	Mateen Ahmad Siddiqui	Goods and Service Tax: An Advantage for Indian Economy	<ul style="list-style-type: none"> • Under GST, there would be only one tax rate for both goods and services. The goods and services Tax will indeed be a further considerable improvement towards a comprehensive indirect tax reforms in the country. • Integration of goods and services taxation would give India a world class tax system and improve tax collections.

3. Impact of GST

GST impacted the Indian market according to the following means:

- Positive Impact
- Negative Impact
- Neutral or no Impact

3.1 Positive Impact:

- GST is a solitary tax collection framework that will decrease the quantity of roundabout duties. From now, a solitary tax assessment term would cover those circuitous charges.
- The Prices of items and administrations would lessen; accordingly this framework would end up being advantageous for the general population who are bolstered up of paying high costs.
- This would lessen the weight from the state and the focal government. With the presentation of GST, all circuitous expenses would go under a solitary rooftop.
- GST would not be charged at each purpose of offer like other aberrant expenses so along these lines, market would be created.
- Without corruption tax assessment framework. GST would present defilement free tax collection framework.

We have demonstrated with the following companies data collected from the money control website portal like Jet Airways (India) Ltd., Ultra Tech cement Ltd. and Infosys etc. The positive can be seen from the table given: Ultra Tech Cement Ltd. Before GST execution was different stocks advertise costs 499.40, 657.35 and 4025.43 separately. These Stocks costs were influenced after GST usage as specified in the table were 628.70, 989.80 and 3970.50 individually. The Analysis of this fingers status that a few of the different stock costs were increment after the GST execution while just UltraTech Cement Ltd stock costs were diminish.

Table: 3.1 Positive Impacts

Company name/Stock	Stock price (GST Before July 2017)	Stock Price (Before and after GST Implementation)	Stock price (Next month of GST Implementation)
Jet Airways (India) Ltd.	499.40	465.90	628.70
Infosys	965.35	1015.40	989.80
Ultra Tech Cement Ltd.	4025.43	4056.50	3970.50

Sources: Money Control

3.2 Negative Impact: The presentation of GST in the nation will affect land advertise. This would increment new home purchasing cost by 8% and diminish purchasers' market by 12%.

- GST is a confusing term where twofold assessment is charged for the sake of a solitary duty.
- Most of the merchants don't pay focal extract expense and cheat the administration by basically giving the VAT. In any case, those merchants would now be compelled to pay GST.

Following companies found negative report by the RBI records are as follows, Micro-finance, Ascent finance, Lone Companies:

Table: 3.2 Stock Impacts

Company name/Stock	Nov	Dec	Jan	Feb	March	April	May	June
Micro-Finance	-63.2	-71.4	-56.5	-42.3	-5.8	-47.8	-11.3	-15.3
Ascent Finance	-14.6	9.2	-6.9	-2.5	48.7	-10.4	1.1	22.8
Lone Companies	-24.7	-22.5	-19.3	-12.6	-39.9	-4.5	7.1	13.0

Source: RBI

Before GST usage two star entertainers of the fortnight were Aditya Birla Nuvo and Grasim, both of which were scaling new highs in front of their amalgamation date, which has been settled at 5 July. ABNL specifically got a shot in the point, with Azim prenji's venture taking a 2.2 for every pennies stake in the organization for Rs. 700 crore, esteeming the organization at Rs. 32,000 crore, in front of its posting, alongside the merger. Bajaj fund, other stalwart in the NBFC space, proceeded with its winding upwards and, at the present cost of Rs. 1,374 was esteemed at Rs.75,560 Crore.

3.3 No Impact: This was the evident in the Sensex, which dipped by 200 points in June to close the half years at 30922. However, the Sensex has notched gains of 16 percents since January 2017 and, going forward, once the fears relating to GST are laid to rest, another such rally in the second half cannot be ruled out. For one, there is enough liquidity in the market, as is evident from the huge responses received by the IPOS, Net below Rs. 55,000 crore. And most importantly hope, which is waiting in the wings, is likely to start asserting itself on reports of well – spread, above average rainfall, till date. Bank stock prices did not impact due to GST implementation and it can be shown as

Table: 3.3 No Impact on Bank stock prices [Priyanshu Sharma et al.]

Stock Name	Stock Price(Before	Stock Price	Stock Price(After
------------	--------------------	-------------	-------------------

	GST) 14.06.2017	31.07.2017	GST) 14.08.2017
SBI	284.09	311.44	278.34
Canara Bank	354.27	368.27	330.99
ICICI	290.00	302.36	290.77
Axis	509.28	519.60	492.01
HDFC	1669.45	1785.42	1758.24
BoI	139.55	165.49	143.81
BoB	172.51	166.35	146.17
BoM	30.34	29.05	26.75

Source: www.moneycontrol.com

These Stocks prices were affected after GST implementation as mentioned in the table were (14.8.17) 278.34, 330.99, 290.77, 492.01, 1758.24, 143.81, 146.17 and 26.75 respectively. The Analysis of this fingers status that some of the bank stock prices were increase after the GST implementation while other stock prices were decrease. So it is concluded that GST did not impact of bank stock prices.

4. Conclusion

The planned GST administration could be a weak endeavor to justify circuitous duty structure. The law-makers of Asian country ought to take into account the GST administration came upon by totally different nations and in addition their aftermaths antecedently actualizing it. Within the meanwhile, the law-makers ought to build a trial to guard the tremendous poor public of Asian country against the affordable swelling as a result of execution of GST. GST can improve existing aberrant assessment framework and can expel wasteful aspects created by the present heterogeneous assessment framework simply if there's an affordable agreement over problems with edge constrain, financial gain rate, and incorporation of oil primarily based merchandise, power, alcohol and land.

5. References

- [1] Ehtisham Ahamad, Satya Poddar. Goods and Service Tax Reforms and Intergovernmental Consideration in India, Asia Research Center, LSE. 2009.
- [2] Agogo Mawuli. Goods and Service Tax- An Appraisal Paper presented at the PNG Taxation Research and Review Symposium, Holiday Inn, Port Moresby, 29-30, 2014.
- [3] Monika Sehrawat , Upasana Dhanda ,“GST IN INDIA: A KEY TAX REFORM” International Journal of Research –Granthaalayah, Vol.3 (Iss.12), December, 2015.
- [4] SANKAR R, “GST: IMPACT AND IMPLICATIONS ON VARIOUS INDUSTRIES IN INDIAN ECONOMY”
- [5] Priya Srivastava, Dr. P Sekar, “GST: Taxation structure ”, International Journal of Business and Management Invention (IJBMI), Volume 6, Issue 12, pp. 30-43, December 2017.
- [6] Dr. Shakir Shaik, Dr. S.A.Sameera, and Mr. Sk.C. Firoz ,“Does Goods and Services Tax (GST) Leads to Indian Economic Development?” International Journal of Applied Research 3(1), pp. 626-629, 2017.
- [7] Milandeep Kaur, Kajal Chaudhary, Surjan Singh, and Baljinder Kaur, “A STUDY ON IMPACT OF GST AFTER ITS IMPLEMENTATION” Journal of Internet Banking and Commerce, vol. 22, no. 2, August 2017.
- [8] Arpit Shailesh, and Dr. Taruna, “A study on impact of goods and services tax on Indian economy: A key tax reform” International Journal of Commerce and Management Research, Volume 2, Issue 10, pp. 76-80, October 2016.
- [9] Lourdunathan F and Xavier P, “A study on implementation of goods and services tax (GST) in India: Prospectus and challenges”, International Journal of Innovative Studies in Sociology and Humanities (IJISSH) Volume 1, Issue: 2, November 2016.
- [10] Pratima Singh, “Goods and Services Tax: How will it impact Foreign Direct Investments strategy in India?” National Journal of Multidisciplinary Research and Development Volume 2, Issue 3, pp. 172-174, September 2017.

- [11] Akanksha Khurana, Aastha Sharma, "Research Article Goods and Services Tax in India - A positive reform for indirect tax system," International Journal of Advanced Research, Vol.2 (1), pp.33-36, 2017.
- [12] Mateen Ahmed Siddiqui, "Goods and Service Tax: An Advantage for Indian Economy" in International Journal of business quantitative economics and applied management research, pp.48-54, Volume-3, Issue-5, October-2016.

