Implication of GST in Indian Economy: A Top to Bottom Approach

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ABSTRACT

In India there are two types of taxes levied, direct and indirect taxes. Direct taxes are income tax, corporate tax, wealth tax and Indirect taxes are those taxes which are indirectly paid to the Government are excise duty, service tax, custom duty, sales tax and VAT. Taxes, levied in India by the central government are CENVAT, Customs duty, Service tax and by different State government are mainly State sale tax, CST, Entry tax and other local levies. The government has replaced many indirect taxes by introducing one tax via Goods and Service Tax (GST) from July 1, 2017 across the India.

GST is a comprehensive tax levied on the manufacturing, sales and consumption on goods and services. In India the constitutional amendment to facilitate a GST has been claimed as one of the most radical economic reform since 1991. Political scientists have hailed the new cooperative financial federalism in the philosophy of ***"one nation, one market, and one tax"****. The GST is needed to avoid the cascading effect, to maintain the uniformity in tax structure and to specify the role of the central and the state government. There are around 160 countries implementing the GST successfully like Australia, New Zealand and Canada and many more. With implementation of four legislation of GST - CGST, SGST, IGST and UT-GST and within the four slabs GST rate, 5%, 12%, 18% and 28% for the various type of the goods and services as low rate for essential items the tax rate high rate for the luxury items. This research paper is an exploratory study about the implementation of GST across the India, the structure of the GST, GST Network, allotment of GST number, tax collection via GST, and impact of the GST on various sectors/industry and on Indian economy over all. There have lots of changes been made after the GST introduction particularly in the tax slab and are many products now comes under 18% tax slab. This paper has tries to assimilate and evaluate various macro & micro aspect related to GST implication in Indian economy.*

Key Words:

GST
GSTN
GSTIN
CGST, SGST and IGST

INTRODUCTION

The constitutional amendment to facilitate goods and service tax (GST) has been one of the major economic reform since 1991. Political scientists have hailed the new cooperative financial federalism and **"one nation, one tax, one market"**.

There was already one of the major tax replacement implemented, the sales taxes by the value added tax (VAT) in 2005, considered as an important step towards reform of domestic trade taxes in India, which was implemented under the leadership of Dr. Asin Dasgupta, Chairman, Empowered Committee of State Finance Minister. The state VAT design is based on the blueprint suggested in a 1994 report of the National Institute of Public Finance and Policy. However, according to the expertise the GST is the biggest reform which has changed the all the indirect tax structure of India, as it closed nationwide sale Tax regime by passage of four GST bills on July 01, 2017.

1.1 The Former Tax Structures Of India before introduction of GST

There are two types of taxes in India, first is Direct taxes, taxes which are directly paid to the Government like; income tax, corporate tax, wealth tax and Indirect taxes are those taxes which are indirectly paid to the Government like excise duty, service tax, custom duty, sales tax and VAT.

In India, the government has to create fiscal policies to encourage the economic growth and expansion of the country. In India, taxes levied by the central government and state government bodies. Central taxes were mainly CENVAT, Customs duty and Service tax and State taxes were mainly Sate sale tax, CST, Entry tax and other local levies.

Table 1–Various indirect taxes in India:

Taxes	Service tax	Sales tax	Custom duty	CENVAT	CST	VAT
Rates	15%	15%	11.9% on an average	14%	20%(12%to Central and 8% to State)	12.5% or 14-15%

Source: compiled from www.cbec.gov.in and Economic Times

Table 2–Tax structure before introducing GST in India:

S .no.	Taxes	Levy by	Nature (Levied on)
1	Central Excise	Centre	Manufacture
2	Service Tax,	Centre	Providing service
	Surcharge and Cesses	Centre	
3	Customs	Centre	Import
4	CVD under custom	Centre	Additional import duty(compensating excise)
5	SAD under custom	Centre	Additional import tax(compensating sales tax)
6	CST	Centre	Inter – state sales
7	VAT/Sales	State	Sales within the state
	Central Sales Tax	State	
8	Entry Tax, Octroi, Entertainment Tax (other than those levied by local bodies) and Luxury Tax, ... Taxes on lottery, betting & gambling – State Level		

Source: Compiled from Dr. V K Singhania & Dr. Kapil Singhania, Taxman and www.cbec.gov.in

1.2 The Need Of GST

GST has replaced around 17 types of central and state levies in to a **single 'national sales tax'**. There are mainly two aspect which causes the need of GST by repealing the around 17 types of taxes at state and national level, a radical reform. As consumers had burden to pay Tax on Tax on every purchase because of arbitrary state taxes, which keep vary state to state. On an average one had to pay 25-26% tax over and above the production cost of any goods.

i. Avoiding Cascading Effect

In India, there have been various types of taxes levied at every stage value creation in manufacturing and trade causes a cascading affect. Cascading effect i.e. "taxes on taxes", say, "A" sells goods to "B" after imposing the sales tax, and then "B" re-sells those goods to "C" after charging sales tax. While "B" was computing his sales tax liability, he also included the previous purchase on sales tax, which is also tax on tax.

ii. To Bring Uniformity In All Over India

It is observed that, Truck in India, average cover was just 270 km a day against 800 km in US because of check post delay at various state borders. Itwas because of various types of taxes with different tax rate in different states, causing difficulty in trading and delays in delivery, this also made confusion among the rates. Further, due to many taxes at different – different states also increase the price of the product after reaching to the customer, the end user.

1.3 GST – Concept

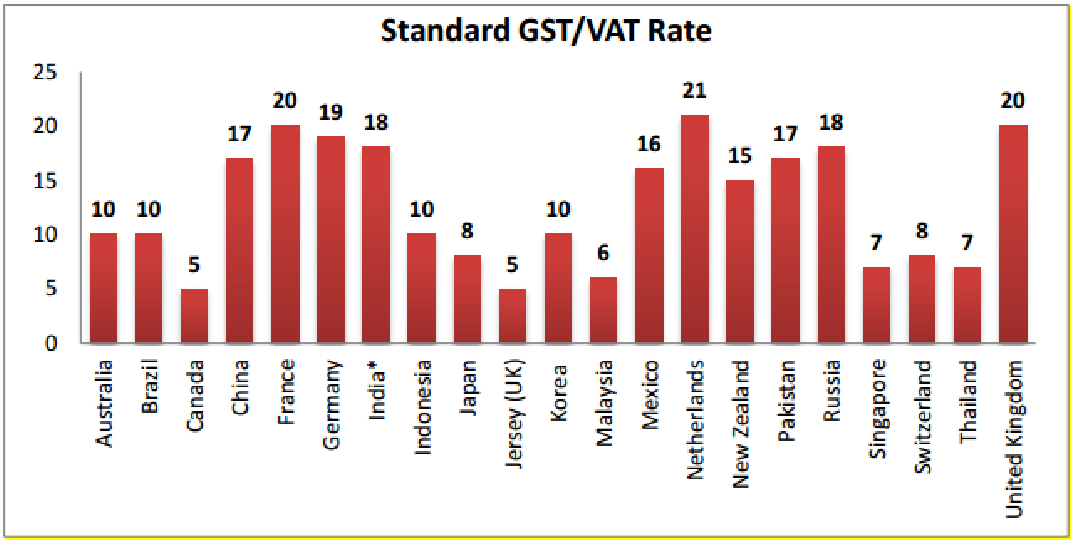
The goods and services tax (GST) is a Canadian value-added tax levied on mainly goods and services offer and sold for domestic consumption. It is a complete value added tax on the supply and consumption of goods and services in an economy, where, consumers pay the GST, but it remitted to the government by businesses unit selling the goods and services. Therefore, the GST is referred as 'consumption tax's consumer pays the taxes after availing the facilities of goods and services.

GST is not an additional new tax rather a replacement of all other indirect taxes. It is a simple, transparent, and efficient system of indirect taxation and put forth a uniform tax rate system in all across the nation. GST is levied at every stage of production-distribution chain with appropriate set-offs and facilitates taxation of goods and services in an incorporated manner.

GST is a tax on final consumption. GST is defined as a tax on goods and services, which is levied at each point of sale or condition of service. In which at the time of sale of goods or providing the services, the seller or service supplier may claim input credit of tax, which he has paid while, purchasing the goods or procuring the services from suppliers. In that way GST helps in avoiding cascading affect, eliminating tax induced economic distortions and gives boost to the economy. The compliance and governmental cost also gets reduced.

COUNTRIES HAVING THE GST MODEL

By introducing GST, a indirect tax, India became at par with more than 160 developed Nations of the world. More than 160 countries in the world have GST system of tax collection. Federal countries like Australia, Canada and New Zealand have successfully implemented the GST into their tax structure. By implementing of a complete GST in India, it is expected that, to have efficient distribution of factors of production (FOP), increased GDP and export income, and hence increase in economic welfare and high return in factor of production.



*Note: * The GST structure ranges between 5%-28% with majority to commodities falling under 18% bracket.*

Source:www.zeebiz.com/india/news-gst-in-india-versus-gst-in-the-other-countries-what-differentiates-india-16838

1 Australia - The GST was introduced on 1 July 2000 as a value added tax @ 10%.GST is liable for taxable person is any entity or individual that makes taxable provisions of goods or services, intra-Community acquisitions or distance sales, in the course of a business, in Australia. All Australian businesses whose turnover is more than the minimum threshold (currently $75,000 per annum) are necessary to register for GST.GST is not applicable for export.

2 Canada - The GST is a multi-level value added tax introduced on January 1, 1991,5% sales tax known as GST. When a supply is completed in a “participating province,” the tax rate includes an extra provincial component of 7%, 8% or 10%, depending on the region. The combined 12%, 13% or 15% tax is known as the Harmonized Sales Tax (HST).introduce in 1 April 1997.Every person who makes taxable supplies of goods or services in Canada in the course of a commercial activity is necessary to register for GST purposes.

3 New Zealand - The Goods and services tax (GST) introduced in 1 October 1986. The GST registration threshold is NZ$60,000. The registration threshold applies in the following ways: Retrospectively to taxable turnover in the current month and the preceding 11 months; Prospectively to taxable turnover in the current month and expected turnover in the following 11 months. The GST rates are the standard rate of 15% (effective from 1 October 2010; the prior rate was 12.5%) and the zero rate (0%).The exceptions rent collected on residential rental properties, donations and financial services.

GST IN INDIA

In India, Goods and Services tax (GST), PAN-India uniform tax, has identified as one of most important tax reforms post-independence, where different authorities was being converted into one single authority, seamless credit transfer with single taxable base. GST termed as leveller for larger to smaller firm of mainline formal tax treatment. By the passage of the Constitution (101^{st}) Amendment Bill, 2016 for GST in the Parliament on August 8, 2016, GST implemented with effect from 1 July 2017simultaneously by the central and state government.

"Goods and Services Tax" is the wide-ranging of indirect tax on manufacture, sale and expenditure of goods and services all over the India. All the three stakeholders Government, Firms/SMEs and Consumers will get benefited.

Goods and services tax will be levied and collected at every stage of sale or purchase of goods or services based on the input tax credit method. GST is taxed at a unified rate in a supply chain until the goods or services reach the consumer. Government responsibility would usually rest with a single authority to levy tax on goods and services. Goods and Services Tax (GST) could be an important step in the reform of indirect taxation in India, as the process of several Central and State taxes into a single tax would alleviate cascading or double taxation, facilitating a common national market i.e. one market one price. Consumers also gets benefited in terms of lower prices, as decrease in the total tax burden on goods because of GST.

1. Category of tax payers included in GST- Those who are doing business of;
   i. 5 lakhs and paying VAT.
   ii. 10 lakhs business and paying services tax.
   iii. More than 1.5 crore and paying CENVAT and CST.
   iv. paying VAT are exempt in GST up to 20 lakhs and above that all have to pay the GST
2. All those who are paying sales tax, CENVAT and CST to the central government, services tax come under GSTN?
3. In GST, from 10to 20 of each month, all the taxpayer should have to pay the tax online. If any of them are not able to pay the tax on time then at the evening of the 20th date of month they will come under the surveillance of the central and the states government.
4. System for payment of tax in GST: those who are;
   i. Purchasing the goods, have to upload the bill at every 10th date of the month.
   ii. Selling the goods, have to upload all the bill at 15th date of the month
   iii. After uploading the bill it will go for verification which will take two days.

MODEL OF GST

India has introduced four legislation of GST as follows:

i. Central goods and service tax (CGST)
ii. The goods and service (compensation to states)
iii. Integrated goods and services tax (IGST)
iv. Union territory
v. goods and services (UTGST)

Table 3 - Taxes levied under the new system of GST

Transaction	Old tax system	New tax system	Comment
Sale within the state	VAT / Excise/ ST	CCGST&SGST	Under the new system, a transaction of sale within the state shall have two taxes, CGST which goes to the centre and SGST which goes to the states
Sale outside the state	CST / Excise/ ST	IGST	Under the new system, a transaction of sale from one state to another shall have only one type of tax, the IGST- which goes to the centre
Union Territory	VAT/Excise/ Entry tax	UTGST	Under the new tax system the transaction in the union territory have only UT-GST

Source – compiled from Economics Times and www.cbec.gov.in

Table 4 - The new regime four – slab structure are:

<table>
<tr><th>Tax rate slab Proposed</th><th>0%</th></tr>
<tr><td colspan="2">Goods –Items
No tax will be imposed on items like jute, fresh meat, fish chicken, eggs, milk, butter milk, curd, natural honey, fresh fruits and vegetables, flour, besan, bread, prasad, salt, bindi. Sindoor, stamps, judicial papers, printed books, newspapers, bangles, handloom, Bones and horn cores, bone grist, bone meal, etc.; hoof meal, horn meal, Cereal grains hulled, Palmyra jaggery, Salt - all types, Kajal, Children's' picture, drawing or colouring books, Human hair, Khadi purchased from Khadi and Village Industries stores, Clay idols, brooms, Cotton seed oil cake, Charkha, Guar meal, hop cone, certain dried vegetables, unworked coconut shell and fish, and bangles of lac/shellac.
Services
Hotels and lodges with tariff below Rs 1,000, Grandfathering service have been exempted under GST. Rough precious and semi-precious stones will attract GST rate of 0.25 per cent, admission to "protected monuments.</td></tr>
<tr><td colspan="2">Tax rate slab Proposed - 5%</td></tr>
<tr><td colspan="2">Goods
Items such as fish fillet, apparel below Rs 1000, packaged food items, footwear below Rs 500, cream, skimmed milk powder, branded paneer, frozen vegetables, coffee, tea, spices, pizza bread, rusk, sabudana, kerosene, coal, medicines, stent, lifeboats, Cashew nut, Cashew nut in shell, Raisin, Ice and snow, Bio gas, Insulin, Agarbatti, Kites, Postage or revenue stamps, stamp-post marks, first-day covers, Branded food, walnuts, dried tamarind, roasted gram, Dhoop batti Corduroy fabric, saree fall, Paper mache items, Oil cakes, Duty Credit Scrips, Cotton quilts(quilts not exceeding Rs 1000 per piece),corals, Rosaries and prayer beads, Hawan samagri, Grass, leaf and reed and fibre products, including mats, pouches, wallets, mangoes sliced dried, Khakra and plain chapati / roti, branded Namkeens, Ayurvedic, Unani, Siddha, Homeopathy medicines; Paper waste or scrap; Real Zari; Plastic waste, parings or scrap; Rubber waste, parings or scrap; Hard Rubber waste or scrap; Paper waste or scrap; Real Zari; Cullet or other waste or scrap of Glass; E-Waste; Biomass briquettes; Desiccated coconut, Narrow woven fabric including cotton newar [with no refund of unutilised input tax credit; Idli and dosa batter; Finished leather; chamois and composition leather; Coir cordage and ropes, jute twine, coir products; Fishing net and fishing hooks; Worn clothing; Fly ash brick; aircraft tyres, puffed rice chikki, flour of potatoes, chutney power, fly sulphur recovered in refining crude and fly ash.
Services
All restaurants, restaurants of hotels with room tariff of less than Rs 7,500, Food parcels, Textile job work, Transport services (Railways, air transport); Supply of e-waste</td></tr>
<tr><td colspan="2">Tax rate slab Proposed – 12%</td></tr>
<tr><td colspan="2">Goods
Apparel above Rs 1000, frozen meat products , butter, cheese, ghee, dry fruits in packaged form, animal fat, sausage, fruit juices, namkeen, Ayurvedic medicines, tooth powder, agarbatti, colouring books, picture books, umbrella, sewing machine, cell phones, Ketchup & Sauces, All diagnostic kits and reagents, Exercise books and note books, Spoons, forks, ladles, skimmers, cake servers, fish knives, tongs, Spectacles, corrective, Playing cards, chess board, carom board and other board games, like ludo, rubber band, Wood, stone, metals, marble idols, Table and kitchen ware ,Batters, including idli / dosa batter, Textile caps, sprinklers, Cotton quilts(quilts exceeding Rs 1000 per piece),Statues, statuettes, pedestals, ceramic articles, porcelain items, ornamental articles, bells, gongs, non-electric of base metal ,animal carving material, synthetic filament yarn, such as nylon, polyester, acrylic, etc; artificial filament yarn such as viscose rayon, Cup rammonium; Sewing thread of manmade staple fibres ; Yarn of manmade staple fibres;
On Nov 10, 2017, these items have been shifted from 18% to 12% tax bracket: Condensed milk, Refined sugar and sugar cubes, Pasta, Curry paste, mayonnaise and salad dressings, mixed condiments and mixed seasoning, Diabetic food, Medicinal grade oxygen, Printing ink, Hand bags</td></tr>
</table>

and shopping bags of jute and cotton, Hats (knitted or crocheted), Parts of specified agricultural, horticultural, forestry, harvesting or or threshing machinery, Specified parts of sewing machine, Spectacles frames, Furniture wholly made of bamboo or cane **Services** State-run lotteries, Non-AC hotels, business class air ticket, fertilizers, Work contracts
Tax rate slab Proposed – 18%
Goods Most items are under this tax slab which include footwear costing more than Rs 500, Trademarks, goodwill, software, Bidi Patta, Biscuits (All categories), flavoured 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, Kajal pencil sticks, Headgear and parts thereof, thereof, Aluminium foil, Weighing Machinery [other than electric or electronic weighing machinery], Printers [other than multifunction printers], Electrical Transformer, CCTV, Optical Fibber, Bamboo furniture, Swimming pools and padding pools, Curry paste; mayonnaise and salad dressings; mixed condiments and mixed seasonings, Tractor parts, raincoats, Medical grade disposable gloves, Computer monitors(up to 20 inch),Custard powder, Rice rubber rolls for paddy de-husking machine ,Kitchen gas lighter poster Colour; Modelling paste for children amusement; Fittings for loose-leaf binders or files, letter clips, letter corners, paper clips, indexing tags and similar office articles, of base metal; staples in strips; aircraft engines ***On Nov 10 these items were moved from 28% to 18% bracket:*** Wire, cables, insulated conductors, electrical insulators, electrical plugs, switches, sockets, fuses, relays, electrical connectors, Electrical boards, panels, consoles, cabinets etc for electric control or distribution ,Particle/fiber boards and ply wood. Article of wood, wooden frame, paving block ,Furniture, mattress, bedding and similar furnishing ,Trunk, suitcase, vanity cases, brief cases, travelling bags and other hand bags, cases Detergents, washing and cleaning preparations ,Liquid or cream for washing the skin ,Shampoos; Hair cream, Hair dyes (natural, herbal or synthetic) and similar other goods; henna powder or paste, not mixed with any other ingredient; Pre-shave, shaving or after-shave preparations, persona, ldeodorants, bath preparations, perfumery, cosmetic or toilet preparations, room deodoriser room deodoriser, Perfumes and toilet waters ,Beauty or make-up preparations ,Fans, pumps, compressors ,Lamp and light fitting ,Primary cell and primary batteries ,Sanitary ware and parts thereof of all kind ,Articles of plastic, floor covering, baths, shower, sinks, washbasins, seats, sanitary ware of plastic ,Slabs of marbles and granite ,Goods of marble and granite such as tiles ,Ceramic tiles of all kinds ,Miscellaneous articles such as vacuum flasks, lighters, Wrist watches, clocks, watch movement, watch cases, straps, parts ,Article of apparel & clothing accessories of leather, guts, artificial fur and other articles such as saddlery and harness for any animal ,Articles of cutlery, stoves, cookers and similar non electric domestic appliances ,Razor and razor blades ,Multi-functional printers, cartridges Office or desk equipment ,Door, windows and frames of aluminum. ,Articles of plaster such as board, sheet, Articles of cement or concrete or stone and artificial stone, Articles of asphalt or slate, Articles of mica ,Ceramic flooring blocks, pipes, conduit, pipe fitting ,Wall paper and wall covering, Glass of all kinds and articles thereof such as mirror, safety glass, sheets, glassware ,Electrical, electronic weighing machinery ,Fire extinguisher and fire extinguishing charge ,Forklifts, lifting and handling equipment, Bull dozers, excavators, loaders, road rollers, Earth moving and levelling machinery, Escalators, Cooling towers, pressure vessels, reactors ,Crankshaft for sewing machine, tailor's dummies, bearing housings, gears and gearing; ball or roller screws;

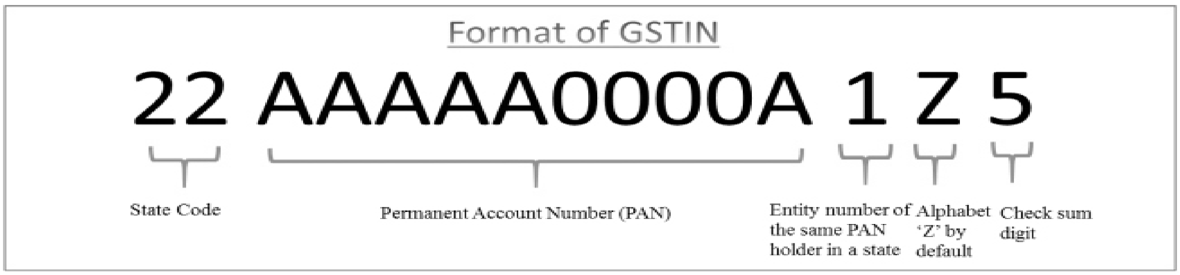
gaskets ,Electrical apparatus for radio and television broadcasting ,Sound recording or reproducing apparatus ,Signaling, safety or traffic control equipment for transports ,Physical exercise equipment, festival and carnival equipment, swings, shooting galleries, roundabouts, gymnastic and athletic equipment ,All musical instruments and their parts. **Services** Restaurants in hotel premises having room tariff of Rs 7500 and above, telecom services, IT services, branded garments and financial services, Outdoor catering
Tax rate slab Proposed – 28%
Goods In total 50 luxury and sin products will be taxed at 28% which includes Bidis, molasses, pan masala, aerated water, paint, sunscreen, wallpaper, ceramic tiles, water heater, dishwasher, weighing machine, washing machine, ATM, vending machines, vacuum cleaner, automobiles, motorcycles, aircraft for personal use **Services** Private-run lotteries authorised by the states, race club betting, cinema will attract tax 28 per cent tax slab under GST

Note: GST Council decides which goods fall in which slab.
Source: http://www.cbec.gov.in/htdocs-cbec/gst/gst-ovw and Economics Times various issues

GOODS AND SERVICE TAX NETWORK (GSTN) AND GOODS AND SERVICE TAXPAYER IDENTIGICATION NUMBER (GSTIN)

All the business units registered under GST will have a unique identification number known as GSTIN or GST Identification Number. At present, any dealer registered under state VAT law has a unique TIN number assigned to him by state tax authorities. Similarly, service tax registration number is assigned to a service provider by Central Board of Excise and Customs (CBEC). Under GST regime, all these parties will come under one single authority and the different identification numbers will be replaced by a single type to filing taxes and maintaining all tax details. of registration number for everyone by GSTIN. This will ensure better administration by the authority and greater compliance by taxpayers and hopefully improve tax collection.

For effective implementation of GST, a certain eco system involving SAP-ERP cloud based was needed. The Goods and Service Tax Network (or GSTN) manages the entire IT system of the GST portal, which is the mother database for GST. This portal is used by the government to track every financial transaction, and provides taxpayers with all services ranging from registration



Structure of GST Identification Number:

i. Every taxpayer will be assigned a state-wise PAN-based Goods and Services Taxpayer Identification Number (GSTIN) which will be 15 digit long.

ii. The first two digits of GSTIN will represent the state code according to Indian Census 2011. Each state has a unique two digit code like **"27"** for Maharashtra and **"10"** for Bihar.

iii. The next ten digits of GSTIN will be the PAN number of the taxpayer.

iv. 13th digit indicates the number of registrations an entity has within a state for the same PAN. It will be an alpha-numeric number (first 1-9 and then A-Z) and will be assigned on the basis of number of registrations a legal entity (having the same PAN) has within one state.

vii. t will be a check code which will be

viii. used for detection of errors.

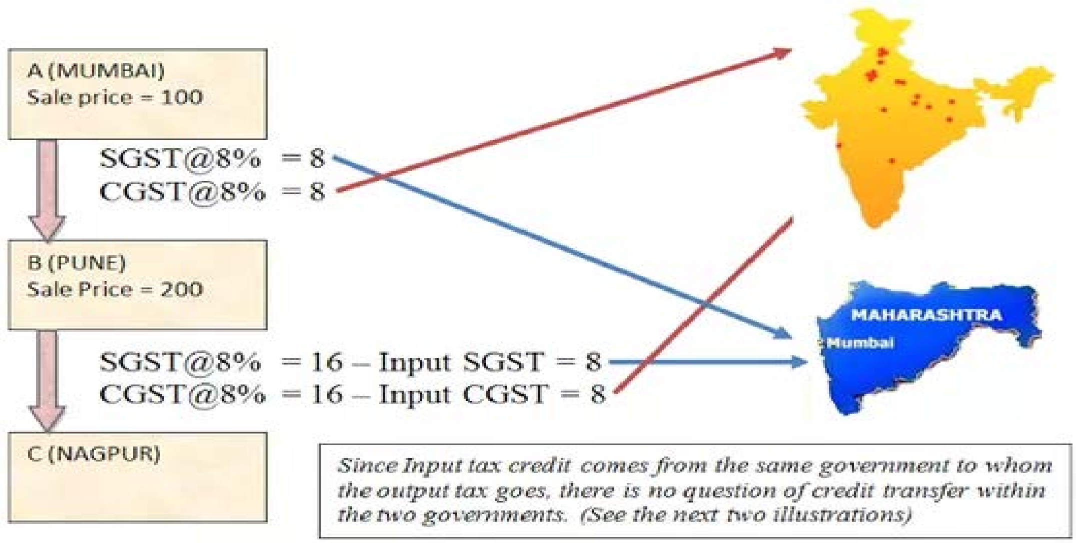
For example, if a legal entity has single or one registration only within a state then it will be assigned the number **"1"** as 13th digit of the GSTIN. If the same legal entity gets another or second registration for a second business vertical within the same state, then the 13th digit of GSTIN assigned to this entity will become **"2".** Similarly, if an entity has 11 registrations in the same state then it will be assigned letter "B" in the 13th place. In thisway up to 35 business verticals of any legal entity can be registered within a state using this system.

v. The fourteenth digit currently has no use and therefore will be **"Z"** by default.

vi. The last digi

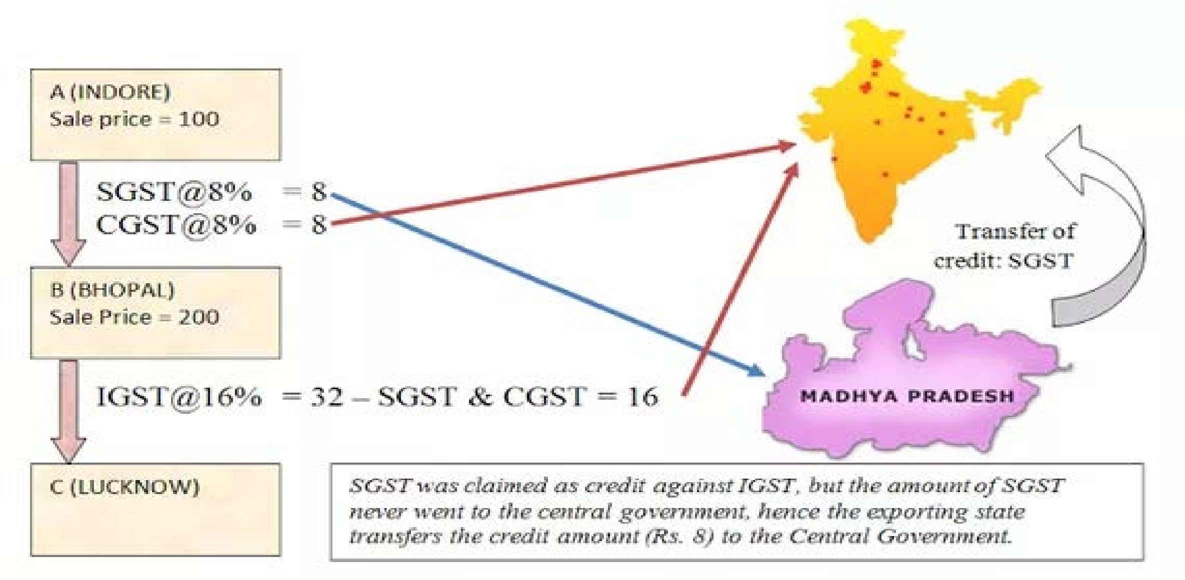
HOW GST WORK IN INDIA

1 Case 1: Sale in one state, resale in the same state

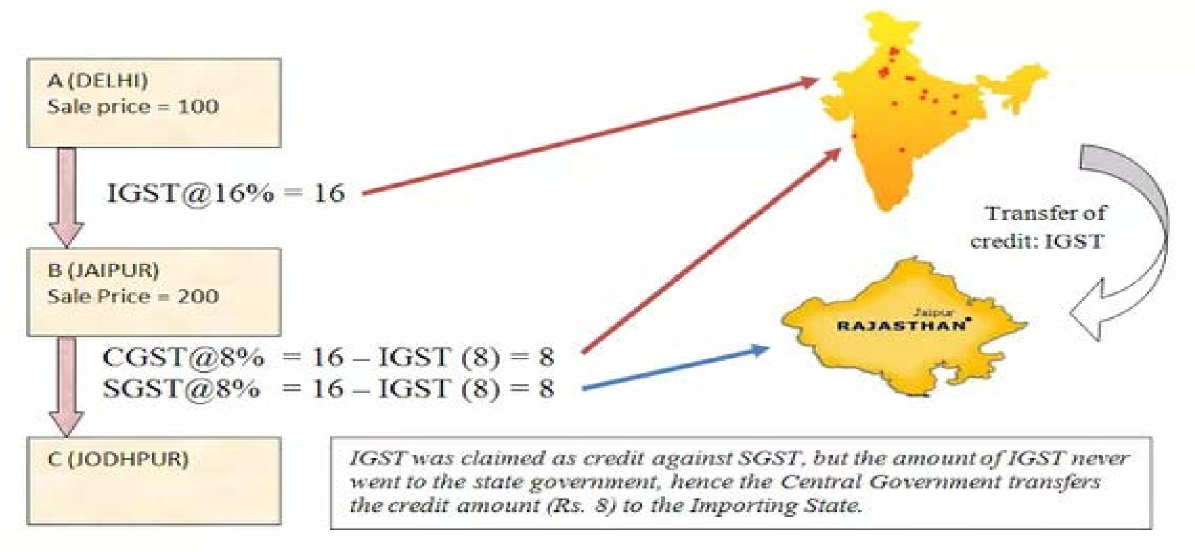


Source: Case 1, 2, and 3 https://sreibonds.com/blogs/why-we-need-gst

2 Case 2: Sale in one state, resale in another state



3 Case 3: Sale outside the state, resale in that state



Source: Case 1, 2, and 3 https://sreibonds.com/blogs/why-we-need-gst

IMPACT OF GST ON INDIAN ECONOMY

AFTER THE IMPLEMENTATION

The impact of GST implementation on Indian economy is expected to be very positive in long term, although in short term it may be little bit disturbing because of certain glitches occurred in GSTN and some return filing issues. But, after 5 months of GST, the manufacturer/traders now again are moving from destocking to restocking. Although it is the same period, where India has to face slowdown, but it is largely due to ‘stagnation of investment’ as investment to GDP ratio gone down sharply especially due to low investment from private sector. Overall in long term GDP is expected to increase by 2%.

i. GDP growth in Q2 of 2017-18 is estimated at Rs 31.66 lakh crore against Rs 29.79 lakh crore in Q2 of 2016-17, showing a growth rate of 6.3 per cent.

ii. The growth in the agriculture, forestry and fishing, mining and quarrying, construction, financial, insurance, real estate and professional services, and public administration, defence and other services is estimated to be 1.7%, 5.5%, 2.6%, 5.7% and 6.0%, respectively.

iii. Quarterly growth from the 'mining and quarrying' sector grew by 5.5% as compared to decline of 1.3% in Q2 of 2016-17, while the 'manufacturing' sector grew by 7.0% as compared to growth of 7.7% in Q2 of 2016-17.

iv. With the introduction of Goods and Services Tax (GST) from July and consequent changes in the tax structure, the total tax revenue used for GDP compilation include non-GST revenue and GST revenue based on GSTR filings.

v. The production of food grains during the Kharif season of agriculture year 2017-18 declined by 2.8% as compared to the growth of 10.7% during the same period in 2016-17.

vi. GDP at current prices in Q2 of 2017-18 is Rs 40.22 lakh crore against Rs 36.76 lakh crore in Q2 of 2016-17, showing a growth rate of 9.4%, while GVA at basic price at current prices in the same period is Rs 36.40 lakh crore as against Rs 33.52 lakh crore in Q2 of 2016-17, an increase of 8.6%.

vii. The quarterly GVA from electricity, gas, water supply and other utility services sector grew by 7.6% as compared to growth of 5.1% in Q2 of 2016-17

viii. The Construction sector grew by 2.6% as compared to the growth of 4.3% in Q2 of 2016-17. The key indicators of the sector, production of cement and consumption of finished steel, registered growth rates of (-) 0.4% and 4.1%.

ix. Trade, Hotels and Transport & Communication and Services related to broadcasting grew by 9.9% as compared to growth of 7.7% in Q2 of 2016-17, while Financial, insurance, real estate and professional services grew by 5.7% as compared to growth of 7.0% in Q2 of 2016-17.

x. GST collection fell to Rs. 83,346 crore in October, compare to Rs. 90,000 crore in each of the first three months.

xi. 95.9 lakh taxpayers have registered under GST till now, out of which 15.1 lakh our composition dealers who are required to file returns every quarters.15.1 lakh returns were filled for October till November.

CONCLUSION

Small firms under clause 9(4) may face big impact, as “If supplier is not registered” and there is a sale to a registered entity (say a company), then the buyer shall bear the GST on such sale under what is technically referred to as a reverse charge mechanism. Companies procure goods from smaller players who may be outside the GST ambit. Given the hassle involved when purchases are made from the unregistered sellers, it’s likely that the business of the small player may suffer. After implementation of GST, consumers are not subjected to “Double Taxation” i.e. all taxes that levied while purchasing goods will include both the central government tax and state government tax. After implementation of GST the tax rate of various goods and services has changed, especially many of the daily consumable items’ prices lowered down, whereas long-term purchase items like white goods, furniture’ prices have increases 4 to 5 %. Logistics companies have gained, as it become easier to ferry goods across India. GST would ensure checking evasion and buoyancy in collection, quite evident as return filing has increased from 28.46 lakh to 49.50 lakh in November by registered business men. Greater tax compliance is sure to boost revenues for the government and will narrow down the budget deficit, hence more funds to be dedicated for infra-structure.

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