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GST and its Implications -An Overview

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ABSTRACT

The tax structure of Independent India has been witnessing a great revision. Result of it, GST has been introduced in India. It has made an unprecedented change in tax practices of India. Many indirect taxes have been come under the umbrella of single tax system. The current study makes an attempt to analyze the GST collection and its implication on Inflation rate.

Key words: GST, GST Collection, Inflation Rate

1 Introduction:

The tax structure of India has undergone a great revision, result of it; GST has been rolled out on July 1st, 2017. Introduction of GST is a land mark decision in tax structure of in India. It has brought a new dimension of tax collection. It has subsumed many indirect taxes into its fold. GST council is an apex body which regulates the whole GST operations in India. GST registration and filing of returns have been looked after by GST Network in India. SGST, CGST, IGST and UTGST are the components of GST. The percentage of tax charged on the supply of goods and services under GST are not same, it varies from 0% (nil), 5%, 12%, 18% and 28%.

2 Literature Review:

Samuel Thangaraj S (2022) explains that the GST is an attractive and simplified method of tax structure in India. It will for sure contribute positively for the growth of country like India.

Sarthak Sengupta et.al. (2020) have examined the consequences of GST in-depth. The government's spirit of better tax compliance and curb on black money circulation in the system has been

achieving in greater speed. GST needs to look after the tax on tobacco products, e commerce activities.

Ameen (2020) explains that GST is a destination based tax practice, so, it is to be repaid to all the parties involved in the manufacturing process other than final customer.

Jadhav Bhika Lala (2017) found that the GST has simplified and lowered the compliance requirement of tax practices in India. The study supports the view that better compliance will result in better collection of GST.

Shakir et.al. (2015) Study titled "Does GST leads to country's economic development?" The main goal of the study was to examine GST's challenges and its influence on Indian economy. They opine that it may take some more time to great result of it on Indian economy.

3 Gap Analysis:

Review of literature reveals that the GST has been making a tremendous change and improvement in tax compliance and tax collection in India. A study has been launched to know the collection of GST and its impact on inflation rate.

4 Objectives of the Study:

- ❖ To understand the concept and structure of GST in India.
- ❖ To know GST collection from the different sectors.
- ❖ To know the GST collection in the last five years.
- ❖ To know the impact of GST on Inflation rate.

5 Discussion:

Collections of GST from various sectors:

Business type	Percentage of GST Collection
Public LTD. Company	35.84%
Private LTD. Company	27.96%
Proprietorship	13.78%
Public Sector Undertakings	10.23%
Partnership	6.27%
Society/Club/Trust/AOP	1.27%
Limited Liability Partnership	1.18%
Government Department	0.98%
Statutory Body	0.37%
Foreign Company	0.35%

Hindu Undivided Family	0.25%
Local Authority	0.23%
Unlimited Company	0.01%
Others	1.28%
TOTAL	100%

Source: Author's Compilation

The above table shows that the highest amount of GST has been collected from Public limited companies and followed by private limited companies.

GST Collection of last 5 years:

Year (FY)	GST Collection (Rs. In Crore)
2018-19	11,76,280
2019-20	12,23,128
2020-21	11,27,912
2021-22	14,86,226
2022-23	16,69,000

Source: Author's Compilation

The table and graph show how GST revenue collection have been increased continuously from 2018–19 to 2022–23, however due to the pandemic, it somewhat declined in 2020–21 and then reached to 16, 69,000 Crore in 2022–23, the largest amount in the previous five years.

Inflation rate before the implementation of GST:

Year	Inflation rate (%)
2016	4.96
2015	4.81
2014	6.76
2013	10.12
2012	9.49

Source: Author's Compilation

Inflation rate after the of GST implementation:

Year	Inflation rate (%)
2021	5.23
2020	6.66
2019	3.74
2018	3.96
2017	3.34

Source: Author's Compilation

The table makes it very clear that when GST was executed in 2017, the inflation rate was 3.33%, and the inflation rate continued to decline until 2020.

6 Findings:

- ❖ The highest GST collection was from the Public sector undertakings during the sample period.
- ❖ The GST collection has been increasing year on year; it was maximum in the Financial Year 2022-23.
- ❖ GST was introduced in the year 2017, since then inflation rate has been decreasing, except a few years.

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