



A Research Paper on Critical Evaluation of Literature Review on GST in India

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Abstract:

GST is a destination based tax on consumption of goods and services. It is levied at all stages i.e. from manufacturing of goods and services to its final consumption. Under GST credit of taxes which are paid at previous stages are available for set off thereby, providing relief to the taxpayers from cascading of taxes (tax on tax).

GST is a new form of tax which has replaced most of the indirect taxes into one.

It is a biggest indirect tax reform in the history of taxation system of India. Main burden of GST is to be borne by consumer. The paper study past literature of GST for its critical evaluation and thereby helps in fulfilling research gaps.

Keywords- GST, Cascading, Goods, Services, Credit.

INTRODUCTION:

GST is known as the constitution (One Hundred and First Amendment) Act, 2016. It is defined as a new indirect tax structure designed to support and enhance economic growth of a country. The seeds of GST were sown by Atal Bihari Vajpayee in 2000 and then various committees were formed for their suggestions regarding implementation of GST and after various conflicts target date for its implementation decided i.e. 1,4,2010 but it could not be implemented and then after coming into power of Bhartiya Janta Party it was planned to be introduced on 1st April

2017 but, it was implemented from 1st July 2017.

It is implemented to achieve the target of economic growth and for creating one unified market for whole nation

OBJECTIVES:

To understand the concept of GST and to study past literature review of GST in India.

LITERATURE REVIEW SURVEY:

Devi(December,2016) in her paper, "Goods and Service Tax in India: A SWOT ANALYSIS" described the current indirect tax structure and evaluated the history of tax structure in India mainly tax structure from 16th to 19th century. Study focused on SWOT analysis of GST in Indian context and found various strengths, weakness, threats and opportunities of GST like strength is it will drop the cascading effects of taxes on production and distribution of goods and services, opportunity is that it will help states and centre to collect more revenue, main weakness is that various taxes are not included in GST and main threat is that GST is very fond of technology and India being a developing country does not have a strong IT structure.

GST is not a guarantee in itself that it would not be affected by political parties. Study concluded that there are numerous weaknesses and threats which can be overcome by focusing on strengths and opportunities.

Lourdunathan & Xavier(2017) in their paper,” A Study on implementation of goods and services tax(GST) in India: prospectus & challenges” studied the prospectus & challenges of implementation of GST in India and the opinions among various sectors like manufacturers, traders and society about GST. The study was exploratory research and data was collected from journals, annual reports , newspapers and magazines i.e. secondary data was extensively analyzed for the study.

The study found challenges like demonetization effect, implementation in unorganized sector and various prospects like beneficiary sectors would be FMCG, consumer durables etc. overall conclusion was that GST provide relief to producers and consumers by providing various benefits but, implementation of GST requires Government to educate, conduct training, continuous seminars & workshops on GST so as to create awareness among society about GST.

Jain(January,2013) studied” An Empirical Analyses on Goods & Service

Tax in India: Possible Impacts, Implications and Policies” and Analyzed how the new concept GST proposed by Government can impact various stakeholders, what would be the consequences after its implementation. Tax policies plays an important role on the economy through their impact on both efficiency and equity on the economy. VAT was implemented in 2005 & it was also successful but, despite its success, there were various shortcomings in the VAT structure both at central and state level like double taxation, cascading of taxes etc. Government decided to implement GST as its implementation would bring down the peak rates of tax and enhance revenue growth.

The study compared the present tax rates with the proposed GST rates and found that it will benefit agriculture, industries, exporters, small

traders and the common consumers. But, there were several challenges in transition of present tax regime into any new tax regime. So, proper measures to overcome various issues should be implemented to avoid potential disruptions.

Sehrawat ,Dhanda(December,2015) studied “GST in India: A Key Tax Reform” and evaluated various advantages and challenges faced by India in execution of GST. Proposed GST is likely to change the whole scenario of current indirect tax system. It will unify all indirect taxes under an umbrella and will create a smooth national market. To achieve objectives, the research methodology used is an explanatory research which is based on secondary data which includes journals, articles, newspapers & magazines. The accessible secondary data was used for research study.

The study suggested the features of GST like it is applied to all goods and services except exempted goods and services, the benefits of GST like transparent tax administration, elimination of cascading effects of taxes. Also some challenges faced like high revenue neutral rate, compensation to states in case of loss. The study concluded that in long term implementation of GST would lead to high output, more employment opportunities and flourish GDP by 1-1.5%. as far as challenges are concerned , they need more analytical research to resolve the battling interest of various stakeholders and accomplish the commitment for a cardinal reform of Tax Structure in India.

Bangergee, et.al.(2016) reviewed the literature on GST in India with the objective of identifying the research gap in this field for enabling further research and to understand the concept of GST. Researchers used secondary source of data containing journals, research publications and they found various studies like

Bovenberg(1992) who used general equilibrium model to assessed different instruments of indirect taxation in middle income countries, Williams(1996) who had studied contemporary indirect tax systems in the world & compared them with the VAT system in Republic of Fiscalia, Feria(2009) studied the taxation system under indirect tax specifically of financial services in Australia and european union, Govind(2011) had discussed the current indirect tax system in India and its drawbacks, the benefits of proposed GST to be introduced in india and many more. The study concluded that implementation of GST would help in better utilization of resources.

Rao(December 2009) studied, “Goods and Services Tax: Some Progress towards Clarity”. The study made an attempt to provide clarity regarding various issues of GST like its benefits, features, challenges. The researcher appreciates the first discussion paper on GST released by the Empowered Committee. The study found New Tax reforms entails a dual GST – one at central level and one in states, GST would ensure a common market. Also, various shortcomings of proposed GST was that it didn’t specify the list of exempted goods & services, the tax refund on exports doesn’t follow a clean zero rating mechanism, and various challenges were faced. The study concluded that it is important to prepare well before switching over to new system to ensure sound fundamentals to new tax system.

Purohit(January,2010) had reviewed various issues in the introduction of goods and services tax. Empowered Committee of GST has made Joint Working Group to introduce GST & to have consensus of all states on detailed framework to be adopted for GST. The study found that there will be dual GST in India, base of tax will increase to retail level, petroleum

products will not include in GST, CST will be replace by IGST. Tobacco will be a part of GST base but, the centre will have the authority to levy special excise in addition to GST. Also, there were issues in administration like the threshold limit for states will be 10 lac both goods and services & 150lacs for centre, small dealers whose annual turnover are not exceeding 50lacs rupees have to pay GST at the rate of 0.5%. the study concluded that dual GST model should be implemented in such a way that it is collect by one agency and paid to respected Government. Also, it is required that the interaction of tax payers with officials from tax department should be reduced which will help to end corruption.

Dani(2016) studied, “A Research paper on an impact of Goods and Service Tax(GST) on Indian Economy”. After implementation of GST, it will amalgamate central and state taxes into single tax payment, it will enhance the position of India in domestic as well as international market. It will reduce overall tax burden, will ensure removal of cascading of taxes bu, GST is not as rosy as it is portrayed. It has various shortcomings like GST will be dual not national GST, GST rates for standard and luxury goods is much higher than current tax rate. The study found that GST regime appears to be unfavorable for Telecommunication Sector, proposed GST regime intends to keep petroleum products, electricity out of purview of GST.

The overall conclusion is that there should be strong IT network and consensus should be reached before implementation of GST regime.

CONCLUSION:

From the above study it can be concluded that GST is a comprehensive indirect tax reform and it will provide relief to the producers and consumers. The study of literature shows that it



will help the economy in achieving economic growth and will make the whole nation a unified market.

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