A Study On GST Collection and its significance to the growth of Indian economy

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Abstract: Goods and Services Tax (GST) is a value-added tax levied on the consumption of goods and services in many countries around the world. It is a comprehensive tax that replaces various indirect taxes like excise duty, service tax, value-added tax, and others. The GST system aims to simplify tax compliance and reduce the cascading effect of taxes. Under the GST regime, every entity involved in the supply of goods or services is required to register for GST and collect the tax from their customers. GST is levied at every stage of the supply chain, but businesses can claim input tax credit for the GST paid on purchases made for business purposes.
GST has several benefits, including increasing tax compliance, reducing the burden of multiple taxes, promoting ease of doing business, and creating a unified market. However, implementing GST can also have challenges, such as changes in business processes and IT systems, tax evasion, and revenue loss for some states.
Overall, GST is a significant tax reform that aims to streamline the indirect tax structure and create a common market for goods and services. Its success depends on effective implementation and ongoing monitoring to address any issues that may arise.

Introduction

Goods and Services Tax (GST) is a comprehensive tax system that has been implemented in many countries around the world to replace various indirect taxes. The GST regime is designed to simplify the tax structure and reduce the burden of multiple taxes on businesses and consumers. It is a value-added tax that is levied on the consumption of goods and services at each stage of the supply chain, but businesses can claim input tax credit for the GST paid on their purchases.GST is a significant tax reform that aims to create a common market for goods and services by removing barriers to trade across state borders. The GST system is also expected to increase tax compliance, reduce the cascading effect of taxes, and promote ease of doing business. However, the implementation of GST can have challenges, including changes in business processes and IT systems, tax evasion, and revenue loss for some states. In this context, it is essential to understand the key features, benefits, and challenges of GST to appreciate its impact on businesses, consumers, and the economy. This introduction aims to provide an overview of GST and its implications for various stakeholders.

Simplification of the Tax System:

* One of the main objectives of GST is to simplify the tax system by replacing multiple indirect taxes levied by the central and state governments with a single tax system.
* This will help to reduce the compliance burden on taxpayers and make it easier for businesses to operate across different states in India.

Elimination of Cascading Effect:

* Another objective of GST is to eliminate the cascading effect of taxes.
* Under the previous tax system, taxes were levied on taxes, leading to a higher tax burden on the end consumer.
* GST aims to eliminate this cascading effect by providing for input tax credit.

Broadening of the Tax Base:

* GST aims to broaden the tax base by bringing more taxpayers into the tax net.
* Under the previous tax system, many small businesses were exempted from paying indirect taxes. However, under GST, businesses with an annual turnover of more than Rs. 20 lakhs (Rs. 10 lakhs for northeastern states) are required to register and pay taxes.

These are some of the main objectives of GST. Understanding these objectives can help businesses and individuals to comply with the GST law and take advantage of its benefits.

Objective of the Study
The objective of this study is to identify and analyse the significance and growth of Indian economy.

Scope of the study
The scope of study for GST can include, but not limited to, the following areas:

- The history of GST implementation in different countries
- The structure and framework of GST, including the tax rates, exemptions, and thresholds
- The impact of GST on different sectors such as manufacturing, services, agriculture, and exports
- The compliance requirements for businesses, such as registration, filing returns, and payment of taxes
- The challenges faced by taxpayers and tax administrators in implementing GST, such as technology issues, data management, and tax evasion
- The benefits of GST to the economy, such as increased tax revenues, reduced tax cascading, and improved competitiveness
- The potential areas of improvement in the GST system, such as simplification of procedures, reduction of compliance costs, and harmonization of tax rates.

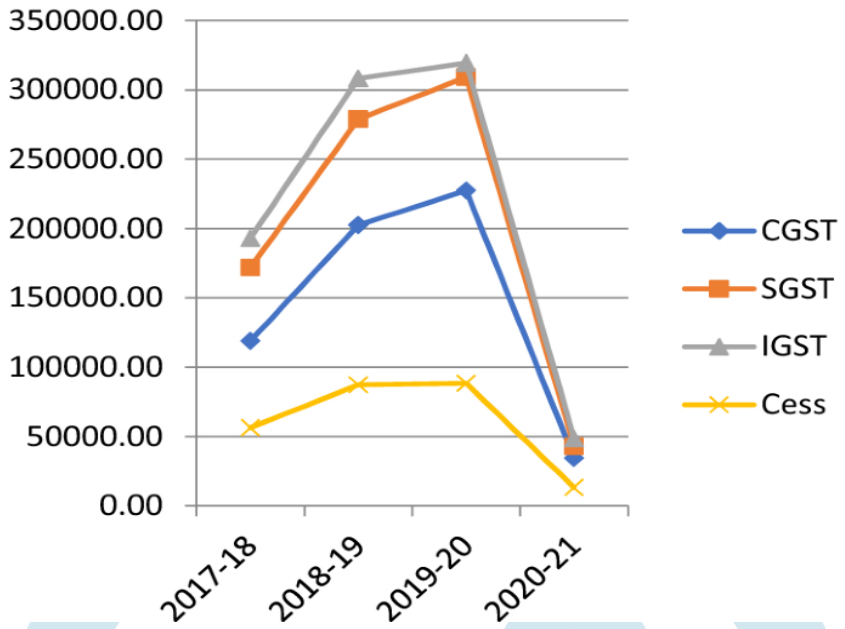
Review of Literature
Goods and Services Tax (GST) has been a topic of interest for researchers and scholars in the field of taxation and economics. A review of the literature on GST reveals a diverse range of studies conducted on various aspects of GST, such as its impact on the economy, businesses, and compliance.

Impact of GST on the Economy:
A study by Rao and Raju (2017) analyzed the impact of GST on the Indian economy and found that GST would lead to a reduction in tax evasion, increase in tax revenues, and improve the ease of doing business. Another study by Sharma and Upadhyaya (2019) examined the impact of GST on economic growth in India and found that GST had a positive impact on economic growth in the short and long run

Impact of GST on Businesses:
The impact of GST on businesses has been studied extensively. A study by Seetha Raman and Anitha (2019) investigated the impact of GST on the hospitality industry in India and found that GST had a positive impact on the industry by reducing tax cascading and improving competitiveness. A study by Shah and Patel (2018) examined the impact of GST on small and medium-sized enterprises (SMEs) in India and found that SMEs faced challenges in complying with the GST regulations but also experienced benefits such as reduced tax burden and improved competitiveness.

Compliance with GST:
Compliance with GST has been a topic of interest for researchers. A study by Chakraborty (2018) analyzed the compliance behavior of taxpayers under GST in India and found that compliance was affected by factors such as the complexity of the tax system, tax rates, and penalties for non-compliance. Another study by Vasudevan and Sahoo (2021) examined the challenges faced by taxpayers in complying with GST in India and found that taxpayers faced challenges such as technological issues, lack of awareness, and procedural complexities.

Data Analysis
The overall gross GST revenue collected in the month of July 2019 was $1,02,083 crore, of which CGST represents an increase of 6.83% and a 0.2% decrease in imports. The states have received RS. 17,789 billion as GST compensation for the months of April and May 2019. 75.79 lakh as of July 31st, 2019.



Findings and Suggesstions

- Goods and Services Tax (GST) is a value-added tax that was implemented in India in July 2017, replacing multiple indirect taxes such as excise duty, service tax, and VAT.
- GST is a consumption-based tax that is levied on the supply of goods and services and is intended to streamline the tax system, reduce tax evasion, and boost revenue collection for the government.
- The GST law is complex, and it requires businesses to comply with multiple rules and regulations. This can be especially challenging for small and medium-sized businesses that may not have the resources or expertise to navigate the system.
- Businesses are required to pay GST on their inputs, and they can claim a refund for the same.The refund process is often slow and cumbersome, which can lead to cash flow problems for businesses.The government should expedite the GST refund process and ensure that refunds are processed quickly and efficiently.
- The high GST rates can be a burden on consumers, especially for essential goods and services such as healthcare and education. To address this, the government should consider reducing the GST rates for these essential goods and services, which will make them more affordable for consumers.
- There is a need to address the issue of GST evasion. GST evasion is a significant problem that can lead to revenue loss for the government. To address this, the government should strengthen the GST enforcement mechanism and take strict action against those who engage in tax evasion.

Conclusion

While GST has the potential to streamline the tax system and boost revenue collection, there is a need to address the various challenges and criticisms that have arisen since its implementation. By simplifying the GST law, expediting the refund process, reducing GST rates for essential goods and services, and strengthening the enforcement mechanism, the government can ensure that GST achieves its intended goals and benefits all stakeholders.

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