

A STUDY ON IMPACT OF GST ON INDIAN ECONOMY**SRINIDHI B MBA II****JAYAPRIYA G.C MBA I****M.O.P VAISHNAV COLLEGE FOR WOMEN****ABSTRACT:**

GST is a single, uniform national tax applied to all goods and services in India. All indirect taxes, including excise duty, central sales tax (CST), value-added tax (VAT), and others, would be consolidated under the GST. The Goods and Services Tax (GST) is projected to be implemented as a key step in the country's comprehensive indirect tax reform, which would drive India's economic growth. The proposed study aims to determine how the GST will affect the Indian economy by examining each sector's specific impact. Secondary data were utilised given the exploratory nature of the investigation. The information will be gathered from various journals, newspapers, and websites.

INTRODUCTION:

The Government of India proposed amendments to introduce the goods and services tax for granting consistent taxing powers on the union as well as states including union territory with legislature to make laws for levying the goods and services tax on every transaction. This was done to eliminate the cascading effect of taxes and to also provide for a common national market for goods and services. On July 1, 2017, India implemented the GST, an indirect tax that was applied across the country and replaced a few cascading taxes levied by the federal and state governments. The Goods and Services Tax (GST) is a comprehensive idea that supports and strengthens a nation's economic development while also eliminating the complex tax system. It is a comprehensive national tax imposed on the production, sale, and consumption of goods and services. A value-added tax would be applied nationally in India under the GST bill. To achieve system integrity, GST will be an indirect tax at all phases of manufacturing. Upon implementation of GST, Central and State taxes would be combined into a single tax payment. Additionally, it would strengthen India's standing on the domestic and international markets. The individual is responsible for paying the final tax under this system, but an effective system of input tax credits assures that there is no cascading of taxes—tax on tax paid on inputs used to create goods. GST would combine these taxes and create a unified market across the entire nation, eliminating the need to pay multiple taxes like VAT at the state level, excise duty, and service tax at the federal level. A GST system that incorporates multiple taxes will result in efficient cross-credit utilization.

In this research, an effort has been made to examine the advantages of the GST and its current situation in India. Paper provides information on GST, and a flawless implementation would result in an increase in tax revenue for the government and a booming Indian economy. Due to the cascading effects of taxes, the current Indian tax structure is quite complicated.

OBJECTIVES OF THE RESEARCH:

PRIMARY OBJECTIVES

To study about the impact of GST on Indian Economy - To evaluate how GST has influenced the whole Indian economy, we must first grasp what GST is and how it is applied. We will also go over the various GST consequences. In India, GST is levied at each stage of the manufacturing and selling of goods and services. When goods or services are consumed, this tax is levied.

SECONDARY OBJECTIVES

- To understand the concept of GST: GST is one of the most important tax reforms in India, and its implementation has been long delayed. It is a comprehensive tax system that will incorporate all indirect taxes levied by state and federal governments, as well as the entire economy, into a unified nation in the national market. It is projected to relieve the burden of India's present indirect tax system and play a vital role in the country's progress.
- To identify benefits and challenges of GST after implementation: As a coin has two sides, the installation of GST has an impact on a nation in both positive and negative ways. If we disregard the negative parts and focus on the beneficial effects, it is a method of reducing black money. GST is experiencing some initial difficulties, but with time, we will be able to see the wider picture, which will undoubtedly result in economic unification.

NEED AND THE SCOPE OF THE STUDY:

The scope of the study basically explains the concept of GST and the impact of GST on Indian Economy i.e., on various sectors of the economy. It will demonstrate the difference between the indirect taxes in use now and the GST, as well as the advantages and difficulties the GST may encounter after implementation. GST has been implemented nationwide in 29 states and 7 union territories with the hope that it will benefit all citizens equally. Consumers would pay less for goods and services, manufacturers and traders would gain from fewer tax files, transparent laws, and simple bookkeeping, and the government would generate more income as revenue leaks would be closed. We all are aware that there are several ground realities and let's look how the GST has affected India. This paper offers a thorough analysis of how the GST tax is being implemented across 12 the nation's various industries. After it is implemented, the GST will bring tax rate uniformity and fix several problems with the indirect taxation component of Indian tax system. The Good and Services Tax would undoubtedly benefit important sectors of Indian economy

STATEMENT OF RESEARCH PROBLEM

The impact of Goods and Services Tax (GST) on Indian economy: An analysis of its effects on businesses, consumers, and government revenues.

This study aims to explore the impact of GST on Indian economy and provide an analysis of its effects on various stakeholders, including businesses, consumers, and government revenues. Since the implementation of GST in India in 2017, there has been a significant shift in the taxation system, which has had a profound impact on the economy. The study seeks to answer questions such as:

1. How has GST impacted the business operations and profitability of different sectors in India?
2. What has been the impact of GST on consumer behaviour, spending patterns, and inflation?
3. How has GST affected the revenue collection of Indian government, and what are the long-term implications for the fiscal health of the country?
4. What are the challenges faced by businesses, consumers, and the government in the implementation of GST, and how can these be addressed?

By addressing these research issues, it will be possible to gain knowledge on how the GST has affected Indian economy, knowledge that may help consumers, firms, and governments make wise decisions.

Here, we're attempting to analyse the new GST considering India's current tax structure. In the previous tax system, we paid indirect tax on each service we used that was already subject to tax at a different period. Cascading impact refers to the situation in which we occasionally pay taxes on top of taxes. As a result, only the final customer is responsible for the price increase, and he is unaware of the tax he paid or the true cost of the product. The implementation of the GST has had a minor impact on consumers, according to press reports and other sources.

RESEARCH HYPOTHESIS

To test this hypothesis, the study will investigate data on individual's age, gender, occupation and ideas and perspective towards today's tax, as well as the ease of doing business before and after GST was implemented in India. The study will also investigate taxpayers' and businesses' perspectives and experiences with the impact of GST on their operations.

HYPOTHESIS 1:

H0: There is no significant relationship between age and overall satisfaction with the implementation of GST.

H1: There is a significant relationship between age and overall satisfaction with the implementation of GST.

HYPOTHESIS 2:

H0: There is no significant association between gender and increase in the cost of living of individuals after the implementation of GST.

H1: There is a significant association between gender and increase in the cost of living of individuals after the implementation of GST.

HYPOTHESIS 3:

H0: There is no significant relationship between occupation and the type of transactions used by the individuals after GST.

H1: There is a significant relationship between occupation and the type of transactions used by the individuals after GST.

HYPOTHESIS 4:

H0: There is no significant association between gender and individuals saving a part of their income after GST.

H1: There is a significant association between gender and individuals saving a part of their income after GST.

RESEARCH DESIGN:

Research design is a framework that outlines the methodology and procedures to be followed in a research study. It is a plan or strategy that guides researchers on how to collect, analyse, and interpret data. A research design must be logical, systematic, and capable of achieving the research objectives. The choice of research design depends on the research question, research objectives, and the type of data that will be collected. The research design should be valid, reliable, and appropriate for the research problem. It should also be flexible enough to accommodate any changes that may arise during the research process.

METHODOLOGY:

The present paper is based on descriptive as well as exploratory research. It is descriptive in the sense that proper description has been made regarding the concept of GST in India. It is exploratory in the sense that various impacts of GST on Indian economy, which can be positive as well as negative, have been identified. This research contains both primary and secondary data. Primary data for this study is generated through questionnaires. Source of secondary data to make the study more effective was possible with the help of published data available on web sites.

SAMPLE SIZE

The data for the study was gathered from primary sources (questionnaire). The sample size should not be unreasonably huge or small; it should be optimal. This population size must be considered because it restricts the sample size. In this research, sample size is important. In this project, the sample size is 105.

DATA COLLECTION METHOD:

- **PRIMARY DATA:** In research, primary data refers to original data obtained directly from the source for the purpose of a given research study. This type of data is one-of-a-kind and has never been collected before, making it unique to the study. Questionnaires, interviews, observations, experiments, and focus groups are all approaches for gathering primary data.
- **SECONDARY DATA:** Secondary data is data that has been collected by someone else, usually for a different reason, but might be valuable in answering research questions. It can be a vital source of information for academics because it can save time, effort, and money that would otherwise be spent on gathering primary data. Secondary data can be gathered from a variety of

sources, including government statistics, company records, academic papers, news items, and web databases.

SCOPE OF STUDY:

The primary as well as secondary data sources used in this study are combined. Primary data is gathered from the residents of Chennai through surveys and interviews. Moreover, secondary data is gathered from a variety of publications, reports, academic works, and online databases. The study will look at the issues experienced by businesses and consumers throughout the GST transition, as well as their impressions of the tax change. Most of the data for this study came from employees and students who were asked about their thoughts on the GST and how it affected India

STATISTICAL TOOLS USED:

- CHI-SQUARE
- CORRELATION

ANALYSIS AND INTERPRETATION OF DATA

DESCRIPTIVE ANALYSIS:

Descriptive analysis is a statistical analysis technique that involves summarizing and describing a set of data. It is used to describe the main features of a dataset, such as its central tendency, dispersion, shape, and outliers

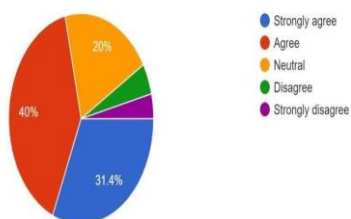
EXPLANATORY ANALYSIS:

Explanatory analysis, also known as inferential analysis, is a statistical analysis technique that aims to identify and explain the relationships between variables in a dataset. Unlike descriptive analysis, which simply summarizes the characteristics of the data, explanatory analysis involves making inferences and drawing conclusions about the population from a sample of data

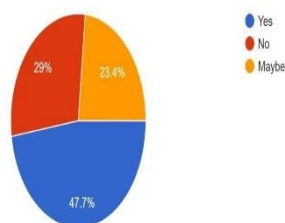
ANALYSIS OF DATA

The following are the responses to the survey questionnaire titled —A STUDY ON THE IMPACT OF GST ON INDIAN ECONOMY”, which is used as the foundation for analysing and interpreting the data. However, interpreting this information can be a complex task, requiring a critical analysis of the sources of the information and an understanding of the context in which the user is seeking information.

1. GST has increased the tax burden on a common man.
105 responses

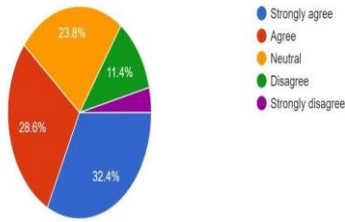


2. Are you experiencing any difficulty in understanding the new tax system?
107 responses



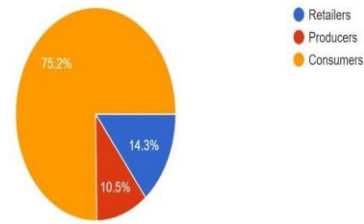
3. Will GST increase the inflation in India ?

105 responses



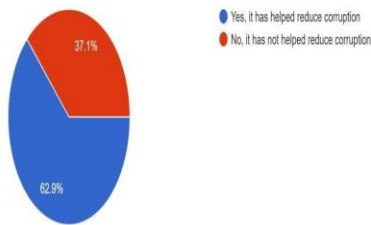
4. Who is affected by GST more ?

105 responses



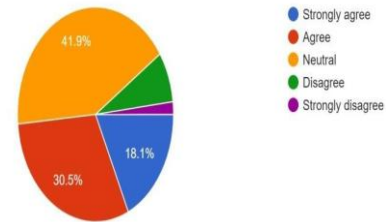
5. Do you believe that GST has helped to reduce corruption in the taxation system?

105 responses



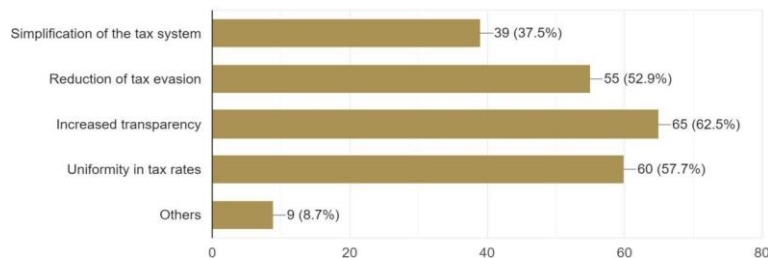
9. Will GST increase the cost of living of individuals in the economy ?

105 responses



15. In your opinion, what are the benefits of GST? (Select all that apply)

104 responses



INTERPRETATION FROM ABOVE PIE CHARTS:

According to the accompanying pie chart, GST has increased the overall tax burden on ordinary Indians.

People have also expressed concern about the new taxation system's complexity.

The application of GST affects around 74.5% more people who are consumers than retailers and producers.

People have also noticed that the advent of GST has reduced corruption in Indian economy.

The cost of living of people across the country was most likely unaffected by GST.

Consumers preferred online transactions following the GST since it was more convenient and welcoming for them.

HYPOTHESIS TESTING 1: (CORRELATION)

H0 = There is no significant relationship between age and overall satisfaction with implementation of GST.

H1 = There is a significant relationship between age and overall satisfaction with implementation

1 . Correlation table

Correlations			
		Age	Overall how satisfied are you with GST implementation in India
Age	Pearson Correlation	1	0.073
	Sig. (2-tailed)		0.046
	N	105	105
Overall how satisfied are you with GST implementation in India	Pearson Correlation	0.073	1
	Sig. (2-tailed)	0.460	
	N	105	105

P-value < 0.05 = Reject H0

P-value > 0.05 = Accept H0

Therefore, there is a significant relationship between age and overall satisfaction with implementation of GST.

HYPOTHESIS TESTING 2: (CHI-SQUARE)

H0 = There is no significant association between gender and increase in the cost of living of individuals after implementation of GST.

H1 = There is a significant association between gender and increase in the

cost of living of individuals after implementation of GST.

Table 1 Observed Frequency

Count of Gender	Column Labels					
Row Labels	Agree	Disagree	Neutral	Strongly agree	Strongly disagree	Grand Total
Female	15	2	15	7	1	40
Male	17	6	29	12	1	65
Grand Total	32	8	44	19	2	105

Table 2 Expected Frequency

Row Labels	Agree	Disagree	Neutral	Strongly agree	Strongly disagree	Grand Total
Female	12.190476	3.047619	16.76190	7.238095	0.761904	40
Male	19.809523	4.952380	27.23809	7.238095	1.238095	65
Grand Total	32	8	44	19	2	105

P-value < 0.05 = Reject H0

P-value > 0.05 = Accept H0

Here, Chi – square / P-value = 0.26857

(P-value is calculated in excel using Chi- square formula)

$0.26857 > 0.05$

SO, WE ACCEPT H₀.

Therefore, there is no significant association between gender and increase in the cost of living of individuals after implementation of GST.

FINDINGS:

HYPOTHESIS 1: We calculated the p-value using correlation tests in SPSS software. In this case, the p-value for age and overall satisfaction is 0.0460, which is lesser than 0.05 (at the 95% significance level). As a result, the null hypothesis is rejected. It concludes that there is a significant relationship between age and overall satisfaction with the implementation of GST.

HYPOTHESIS 2: We determined the p-value, which is 0.26857 and greater than 0.05 (at the 95% significance level), through chi square tests in Excel using the formula. Hence, the null hypothesis is accepted. Since the establishment of GST, there is no association between gender and an increase in the cost of living of individuals.

SUGGESTIONS:

The GST regime has brought significant changes to the tax structure of India, but there is still room for improvement

1. The GST scheme has several tax rates, making it difficult for enterprises to comply with the rules. To ease the compliance burden on firms, the government should explore simplifying tax rates

2. Taxpayers must be well educated in order to understand tax laws, and they must be fully informed about GST, which must be provided by the Central Government. Public workshops, training, and various GST seminars must be held in all states by their respective state government.

3. The procedure for completing a GST return is still time-consuming and complicated. The government needs to think about streamlining the procedure and minimizing the burden of compliance on companies.

4. The government should take the required steps to educate both high- and low-income groups about the GST.

By addressing these issues, the GST regime can be improved, and its impact on Indian economy can be maximized.

CONCLUSION:

GST is a fantastic idea that reduces corruption on the planet and unnecessary black marketing. According to the research, the installation of GST was done without a full investigation and study. After five and a half years of the most significant tax reform in Indian history, the GST Council is implementing numerous adjustments daily under the GST regime. The government enforced "**One nation, one tax, one market**" with hardly any preparation. GST has increased the tax burden on consumers, resulting in an increase in the cost of living. Many praised the new ordinance requiring online tax filing since it saved time and decreased paperwork. 62% of respondents agreed that the introduction of GST in the economy reduced corruption. Most respondents said that GST would undoubtedly accelerate the country's economic growth, but that more clarification was required, as stated by the study. The GST Council should continue its efforts to stimulate Indian economy. Respondents with a high level of GST awareness believe that the implementation of GST will have a significant impact and vice versa. Overall, GST has many negatives and virtues; it has had a detrimental impact on people even after five and a half years of implementation, and it will set right the flaws and improve soon. Beyond the shadow of doubt, GST is anticipated to further stimulate economic growth, raise tax receipts, and strengthen India's reputation as a top business destination with continuous improvements.

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