

IMPACT AND ASSESSMENT OF GST AS ONE NATION - ONE TAX POLICY

Vipul Ranjan*
Kumari Deepa Rani**
Brajesh Kumar***

ABSTRACT

India's taxation system had relied heavily on indirect taxes revenue since independence and it was counted as the major source of revenue. It was as complex as it has multiple taxes even on the same goods & services and different states have their own taxation structure. There were cascading effects, distorting tax structure which not only hampered the productivity but also slowed down the rate of economic growth. To remove this multiplicity of taxes and to reduce the burden of the tax payers a simple tax has been introduced named as Goods and Service Tax (GST) which is non - discriminating, transparent single indirect tax for the whole nation, which is projected to transform the nation into one unified market. It is a single tax on the supply of goods and services, right from the beginning of production to consumption that means from the manufacturers to the consumers. It has been more than two year to GST rollout in the nation. Transition period has been over now and the general observation and experiences of people are mixed. However, one year is a shorter period of time to evaluate the rate of success of GST but it worth an assessment of the performance.

Keywords: GST, IGST, CGST, SGST, Cascading Effects, Input Tax Credit, Indirect Taxes.

Introduction

The shift from a system of a multi level indirect taxation system to a single uniform and harmonized system of indirect taxation system have been an intriguing and curious topic for debates, discussions and knowledge. Now, we have been entered into a global era where we have only one single indirect tax "Goods & Services Tax" which is a common, uniform, comprehensive and harmonised tax levied on the goods & services at each and every stages of production and distribution channel with applicable set off in lieu of tax submitted at previous stages which is also known as Input Credit Chain.

GST is a non - discriminating, transparent single indirect tax for the whole nation, which is projected to transform the nation into one unified market. (Sury, 2006) It is a single tax on the supply of goods and services, right from the beginning of production to consumption that means from the manufacturers to the consumers. It is a destination based tax which means tax would be collected in the consuming state where the goods are finally sold to the consumers instead of the manufacturing states where it was produced.(M. G. Rao & Singh, 2007) The Goods and Services Tax is meant to be a unified indirect tax across the whole nation on production of goods and services. In the earlier taxation system, tax is levied at each and every stage separately even by the Centre as well as the States at varying rates even on the same goods and sometimes same rates on varying goods on the full value of the goods. But now in new regime under the Goods and Services Tax system which is already introduced in the nation, tax is levied only on the "value added" at each stage of production. It is a single tax (collected at multiple points) with a full set-off for taxes paid earlier in the value chain. Thus, the final consumer will bear only the burden of GST charged by the last dealer in the supply chain with set-off benefits at all the previous stages.(R. K. Rao & Chakraborty, 2010)

* University of Hyderabad, Telangana, India.

** Assistant Professor, P. G. Department of Economics, Magadh University, Bodh - Gaya, Bihar, India.

*** Student, M.A., The Indira Gandhi National Open University (IGNOU).

GST had been introduced in the nation from 1st July, 2017. It was necessary to introduce GST to get rid of all the flaws and demerits prevailed in the earlier indirect taxation system like, multiple taxes on the same items with the multiple tax rates and so many exemptions for different items and to help and to improve tax compliances. The implementation of GST is one of the biggest achievements of the current NDA government. As the international trade is increasing in India, and implementation of GST had putted us forward in preferred global standard which is acceptable all over the world, as more than 160 nations had already introduced it. (Garg, 2019)

India needs better tax compliances to increase revenue earnings of the nation to finance large spending needs on economic and social infrastructure. The Goods and Services Tax (GST) is counted as a landmark reform to replace a large number of taxes on goods and services which currently account for the bulk of the total tax intake. It will help India by spurring competition and promote productivity gains. The GST will support the manufacturing sector and investment by reducing the cascading effect of taxes. It is however designed to be revenue-neutral and thus does not provide an avenue for raising more revenue at least in the short run & medium run. However, in long run, it must aim at raising more revenue to fund social and physical infrastructure in a way that support economic growth, promote social justice and empower sub-national governments to better respond to local needs. (Tiwari & Singh, Shambhu Nath, Central Board Of Indirect Taxes And Customs (Cbic), Department Of Revenue, Ministry Of Finance, 2018)

The GST was introduced in the Parliament on 19 December, 2014 through 122nd Constitutional Amendment Bill by the Finance Minister Arun Jaitley and this Bill was passed by Lok Sabha on 6th May, 2015 and referred it to a Select Committee of the Rajyasabha for its report on 14th May, 2015. Select Committee of the Rajyasabha submitted its report on 22nd July, 2015 and this report was finally passed in the Rajyasabha with some amendments on 3rd August, 2016. Afterwards, the amended bill was again passed in Lok Sabha on 8th August, 2016. According to the provisions of Article 368 of the constitution this act passed and ratified by more than half of the states legislatures. Assam becomes the first state to ratify the bill on 12th August, 2016 and it was followed by Bihar, who becomes the 2nd state to ratify the bill unanimously on 16th August, 2016. Later on, it was followed by other states and Jammu & Kashmir becomes the last state to ratify the bill on 5th July, 2017. After ratifications from all the states legislatures, the 122nd Amendment Bill received the assent of the then Hon'ble His Excellency President of India Mr. Pranab mukherjee on 8th September, 2016 and on the same date this was notified in the 'Gazette of India'. Afterwards, 122nd Amendment Bill of constitution of India becomes 101st Amendment Act in the constitution. And finally GST was launched in the nation after the assent from President of India and initiatives of Central Government at midnight of 1st July, 2017. (G. of I. Ministry of Finance, 2020)

Taxes Subsumed in the GST

Around 17 taxes had been subsumed in the GST. In which there are 9 central taxes and 8 state levied taxes.

Table 1
Explains the List of Central as Well State Taxes which have been already subsumed in the GST

Central Taxes	State Taxes
<ul style="list-style-type: none"> • Central Excise Duty • Additional Excise Duty • Service Tax • Countervailing Duties or Additional Customs Duty • Special Additional Duty on Customs. • Surcharge 	<ul style="list-style-type: none"> • State Value Added Tax or Sales Tax • Entertainment Tax • Octroi and Entry Tax • Purchase Tax • Luxury Tax • Taxes on betting, lottery and gambling • Surcharge

Need of GST in the Nation

GST unified and harmonized the Indirect Taxation System in the whole nation and revenue collected from taxes will be shared among the states government as well as the central government. This makes easy to access all the goods and services across the nation whereas earlier there were various types of taxes even on the same goods which were have to pay at various levels like production, movement, transportation and consumption of goods and services. These tax rates, slabs and structure were used to vary at every state which usually leads to higher cost of production and inefficiency in the tax collection which ultimately lead to tax evasion and tax avoidance and shrinks the tax base and revenue disclosures. It had also promoted cascading effects means tax on tax, redtapism and corruption. (Mithe, 2020)

Hence, to remove all the problems and to overcome from all these difficulties, implementation of GST was necessary as it will not only increase the efficiency of taxation but also improves the overall economic growth of the nation and it will convert the nation into one harmonised market. It had removed cascading effects from various taxes which were earlier imposed on the purchase, sale and production and it had reduced the burden to pay off. (Amresh Bagchi, 2018). GST is projected to bring competitive and equal prices at every region of the nation hence no black marketing of goods from one place to another place will happen and it will lower down the prices which will result in larger increase in the consumption of goods. This will also benefit the agriculture sector as well as manufacturing sector as competitive prices will help to attract a large number of foreign business players in the Indian market. Crystal clear transparent taxation system will help manufacturing sector to raise the level of exports. GST will also help to widen the tax base by lowering down the tax rates. Its calculations and tax structures are very easy to understand and it will increase the revenue collection of the government in longer period of time. (Amresh Bagchi, 2008) Return filing in GST is also based on information technology or Internet based so it will bring transparency in the system.

Journey & Timeline of GST in the Nation

In the year 1986 the then Finance Minister Mr. Vishwanath Pratap Singh in his budget speech of 1986-87, he proposes a major overhaul in the excise taxation structure. Afterwards in the year 2000, A committee was set up and headed by Asim Das Gupta the then West Bengal Finance Minister to design the GST Model. In the year 2003, a task force was constituted under the chairmanship of Mr. Vijay Kelkar by the Vajpayee Government to recommend the reforms in the taxation structure. Just one year after this in the year 2004 Vijay Kelkar Committee (the then advisor of finance ministry) advises to replace the existing tax regime by the proposed GST. In the year 2000 an empowered union committee was set up to streamline the model related to GST and to develop the required infrastructure to implement it by Dishant Chauhan Administration. (Published on October 11 & Chauhan, 2015) In the year 2006, in the budget speech on 28th February the then Finance Minister Mr. P. Chidambaram announced the ambitious targeted deadline to implement GST in the economy by the 1st April 2010 and assigns the responsibility to design and build up the road map of GST to an empowered committee of state finance ministers as this proposal involves issues related to Indirect taxes of Centre as well as State. (Nath, 2017) The Committee submitted its report in April 2008 to the government and title of the report was "A Model & Roadmap for GST in India" containing vast information and recommendations regarding design, slab rate, and structure of GST. Later on, a discussion paper was released by the empowered committee with an objective of gather all the inputs from various stake holders and creating an awareness and debate regarding implementation of GST. (M. G. N. Rao, 2011) Empowered Committee proposed a dual structure of GST which has two components of taxation and in this system specific share and proportion of taxation levied and collected by the centre as well as states. Almost 17 major state and central taxes were supposed to be subsumed in the proposed GST and it would be a single Indirect Tax of India. In the year 2009 Asim Das Gupta committee's recommendations were announced by the then Finance Minister Mr. Pranab Mukherjee and the targeted deadline were kept same as earlier on 1st April, 2010 but the then opposition party BJP opposes the basic structure of GST. After this a mission mode computerisation of all commercial taxes were started by the finance ministry to lay out the foundation of GST rollout into the system. Date of implementation was postponed to 1st April, 2011 by the finance ministry. By UPA-II, 115th Constitutional Amendment Bill was tabled in Lok Sabha for bringing the GST into economic system of the nation on 22nd March, 2011. (M. G. Rao, 2005) On 29th March, 2011 this bill was referred to a parliamentary standing committee headed by Yashwant Singh and during the same period Kerala finance minister Mr. K. M. Mani replaced Asim Das Gupta West Bengal Finance Minister from the chairman post of Empowered Committee as he resigns. In November 2012, Finance Minister Mr. P. Chidambaram decided to resolve all the issues related to implementation of GST latest by 31st December, 2012 and for this he started holding meetings with state finance ministers. (Dahal, 2012) In February 2013, in his budget speech Mr. P. Chidambaram tried his best to resolve all the hurdles related to GST rollout and a provision of Rs. 9000 crores was announced as a compensation for all the loss making states because of GST rollout in the coming futures. In August 2013 parliamentary standing committee suggested some improvements but BJP opposes GST Bill in October 2013 on the ground that it would incur huge losses approximately Rs. 14000 crores every year.

In 2014, power equation changes and BJP led NDA government came into power by that time due to dissolution of Lok Sabha GST Bill cleared by Standing Committee lapses. On 19 December, 2014 new finance minister Mr. Arun Jaitley introduced 122nd Constitutional Amendment Bill in Lok Sabha which was now opposed by Congress Party. In February 2015, Finance Minister Mr. Arun Jaitley set a new

deadline for GST implementation as 1st April, 2016.(Jaitley, 2019) 122nd Constitutional Amendment Bill was passed in Loksabha on 6th May, 2015 and on 12th May, 2015 it was presented in Rajyasabha meanwhile opposition demanded capping of peak rate of GST as 18% and the Bill should be sent to select committee of Rajyasabha. On 14th May, 2015 the GST Bill was forwarded to joint committee of Loksabha & Rajyasabha but in Rajyasabha it fails to win the support of opposition where government lacks majority. Centre continuously tried hard & in July 2016 to get along with states to get their consensus. Their hard work pays as both BJP & Congress agreed to pass the 122nd Constitutional Amendment Bill and on 3rd August finally it was passed with two third majorities by the Rajyasabha where it faced so many hurdles. Then the States started ratifying this Bill and Assam becomes the first state followed by Bihar to ratify the bill and on 2nd September, 2016 Hon'ble President of India Mr. Pranab Mukherjee gives assent to the bill and on 16th January, 2017 it was announced that from 1st July, 2017 it would be implemented and on midnight of 30th June, 2017 GST has been implemented. (Raj, 2017)

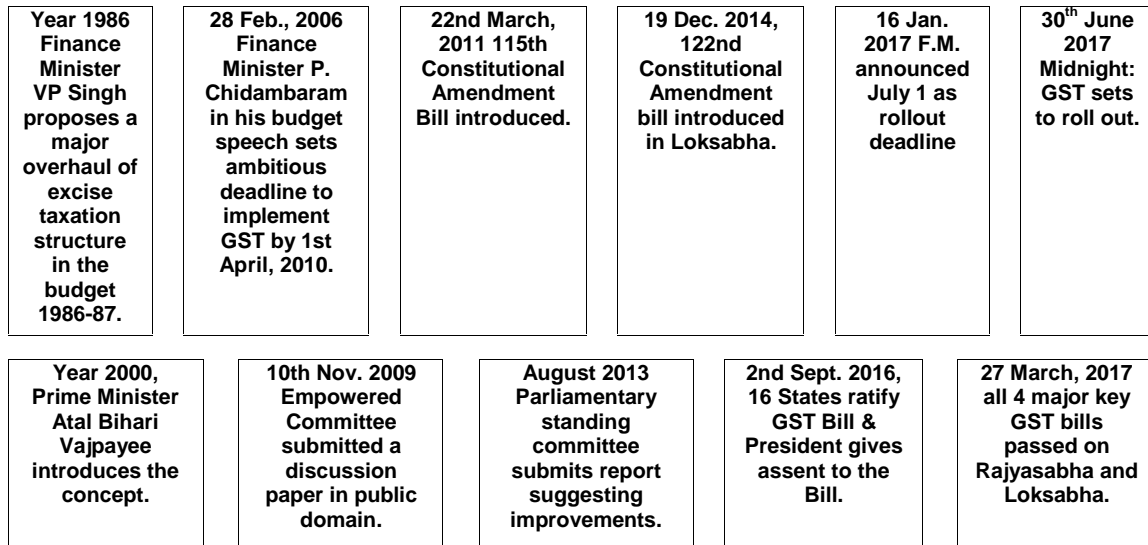


Diagram 2 shows the journey & timeline related to implementation of GST in the Indian economic system.

GST as a Model of Co – Operative Federalism

Our Ex – Union Minister of state for Commerce & Industry Mrs. Nirmala Sitaraman once said in a press conference that “No states need to fear that injustice would done to them under GST regime as their grievances would be settle down under GST Council which is a more powerful than a parliament in case of Indirect Taxation system as far as democratic manner is concerned.(Chandra, n.d.)



Diagram 3 explains the merger of central taxes and state taxes into one tax i.e. GST

In federalism there is division of powers and functions between centre and states in respective areas of competencies however there is not water tight compartments and Indian constitution embraces the concept of co – operative federalism since its inception. Adoption of GST model is an iconic example of co – operative federalism in a true sense as it represents the national level consensus by having

representations from all 29 states and 7 Union Territories and Union Finance Minister as Chairman of the council. Till date every decisions of GST Council have been taken unanimously with full majority and common consensus. No states can blame that their participation in policy decision making is not there and all members treated equally.(<http://www.differencebetween.net/>, 2018)

Our Prime Minister Mr. Narendra modi Ji said in a press conference that “GST is a historical example of co – operative federalism and all together it will bring the India democracy to a new heights and maturity levels.(Chakravorty, 2019) The spirit of co – operative federalism requires from both the central as well the state government to sacrifice their fiscal autonomy in the larger interest of the nation and to favour a collective decision making process and GST Council is a classic & perfect example of co – operative federalism where states sacrifices their personal interests in the wake of larger and prime interest of the nation on the issues related to GST. (De Schutter, 2011)

Role of GST Council

On 12th September, 2016 Union Cabinets clears the formation of GST Council under Article 279A of constitutional amendment bill. It consist Union Finance Minister as chairman of the council and Union minister of State in charge of Revenue and Finance as members and Minister In-charge of finance and taxation or nominated minister by each state would be members.(G. of I. <http://gstcouncil.gov.in/gst-council>. Ministry of Finance, 2020) Chairperson of Central Board of Excise & Customs (CBEC) is a permanent invitee to all proceedings of council although it does not have the voting rights. Every decision related to GST would be taken by GST Council through a meeting by a majority of not less than $\frac{3}{4}$ (three by fourth i.e. around 75%) of the weighted votes of the members present. The vote of the Central government have a weight of $\frac{1}{3}$ (one third i.e. around 33%) of total votes cast.(G. of I. <http://gstcouncil.gov.in/gst-council>. Ministry of Finance, 2020) GST Council makes decisions regarding effective implementation of GST like Surcharges, Cesses levied by centre, state and local bodies, taxes which would be subsumed, exemptions of goods from GST whether it is fully or partial, principles of levy, model GST laws, compensation to states, place of supply, Threshold limits apportionment of IGST, GST slab rates, additional taxes in case of Natural calamities or emergencies etc. On 22nd & 23rd September, 2016 first GST Council meetings were held in New Delhi and till date 32nd GST Council meetings have been held and last 32nd meetings was held on 10th January, 2019. Through these meetings they tried to come on common consensus on various issues which arises in the way of smooth and effective functioning of GST like they agreed on four non - zero tax slab rates i.e. 5%, 12%, 18% & 28% on 3rd November, 2016 with some additional cesses and surcharges on luxury goods. Approval of CGST, SGST, IGST & Compensation Bill, dual taxation rights on contentious issues like petroleum & liquor etc. (G. of I. Ministry of Finance, 2020)

Dual GST & its Administration

India has a federal structure and by keeping this view in mind, government has kept 2 components of GST. Hence, it is also known as Dual GST.

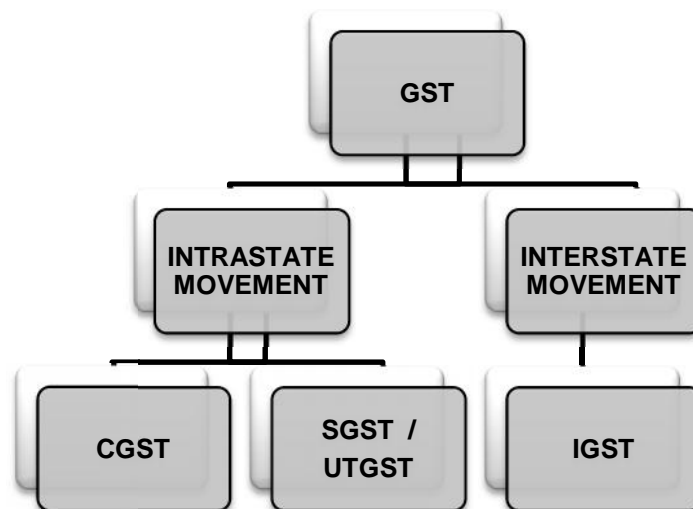


Diagram 4 explains the structure of Dual GST in India(Das, 2017)

Intrastate Movements

- **Central GST (CGST):** - CGST is a tax levied on intrastate movement of goods & services by the central government and it is governed by the CGST Act. (Central Goods and Services Tax Act, 2017, 2017)
- **State GST (SGST):** - SGST is a tax levied on intrastate movement of goods & services by the state government and it is governed by the SGST Act. (CGST, SGST, IGST & UTGST - Types of GST in India, 2019)

Both CGST and SGST will be levied simultaneously on each & every goods and services except on some exempted goods and services which are outside the purview of GST. Share of CGST & SGST will be paid in their different account individually. Both of the taxes will be levied on the same prices / values. Since GST is a destination based tax hence, all SGST on the final product will ordinarily accrue to the consuming State.

Example: - let's suppose Rohan is a dealer in Gujarat and he sold the goods of worth Rs. 1, 00,000 to Ajit in the Gujarat. Now assumes goods come 18% tax slab comprising 9% CGST & 9% SGST. In such situations tax from this movement will be collected as Rs. 18, 000 and out of Rs.9000 will go to the Central government account as CGST and rest Rs. 9000 will go to the Gujarat government accounts.

Interstate Movements

- **Integrated GST (IGST):** Under GST, IGST is levied on interstate supplies of goods and services and would governed under IGST Act. It would be applicable on any supply of goods & services in both cases of export from India and import into India. Exports would be zero rated and tax share of IGST would be share between Central and State Government. (Paisabazaar.com, 2020) This is designed to ensure seamless flow of input tax credit from one state to another. The interstate seller would pay IGST to the central government on the sale of his goods by adjusting the credit of IGST, SGST and CGST on the purchase of the goods. The exporting state will transfer the credit of SGST to the centre, used in the payment of IGST. The importing dealer will claim the credit of IGST while discharging his output tax liability in his own state (both CGST & IGST). The centre will transfer to the importing state the credit of IGST used in payment of SGST. (Das, 2017)

Example: Let's suppose Ajit is a dealer in Gujarat and he sold the goods of worth Rs. 2, 00,000 to Brajesh in the Bihar. Now assumes GST rate is 18% comprised of 18% IGST. In such case dealer has to charge Rs. 36,000 as IGST. This IGST will go the centre.

Two Year Assessment of GST

It has been more than one year after the implementation of GST. Transition period had been over now and the general observation and experiences of people are mixed. Some may not treat this as a perfect and successful single system of taxation but most of them believe that it is working. There are some issues which need to be addressed as early as possible for smooth functioning of GST system. If we carefully look upon the assessment of a year then we might see some positive feedbacks and some worries for the coming future. Almost one and a half year has passed away after GST rollout which is a shorter period of time to evaluate the rate of success of GST but it worth an assessment of the performance. Let's have a look one by one.

Positive Assessment & Impacts of GST in the 1st Year after GST Rollout

- **Inflation Rate didn't Increases**

It was presumed by many world organizations that inflation rate would rise just after implementation of GST. Many countries had experienced such situation after GST rollout but now such fear has gone out in the nation. As most of the necessities and basic goods are either in the 5% tax slab or at zero % tax slab and there are some recent hike in the rate of inflation because of the rises in the prices of food products and fuel prices and these are unrelated to GST and it was tried hard by the GST council to rationalize the GST structure through various meetings and multi slab tax structure that levy should be as close as possible to the earlier existing rate of taxation. GST Council got success up to a certain limit in their purpose however still there are some confusion and problems and GST council through their regular meetings are trying hard to resolve all these issues for fine and smooth implementation of GST.

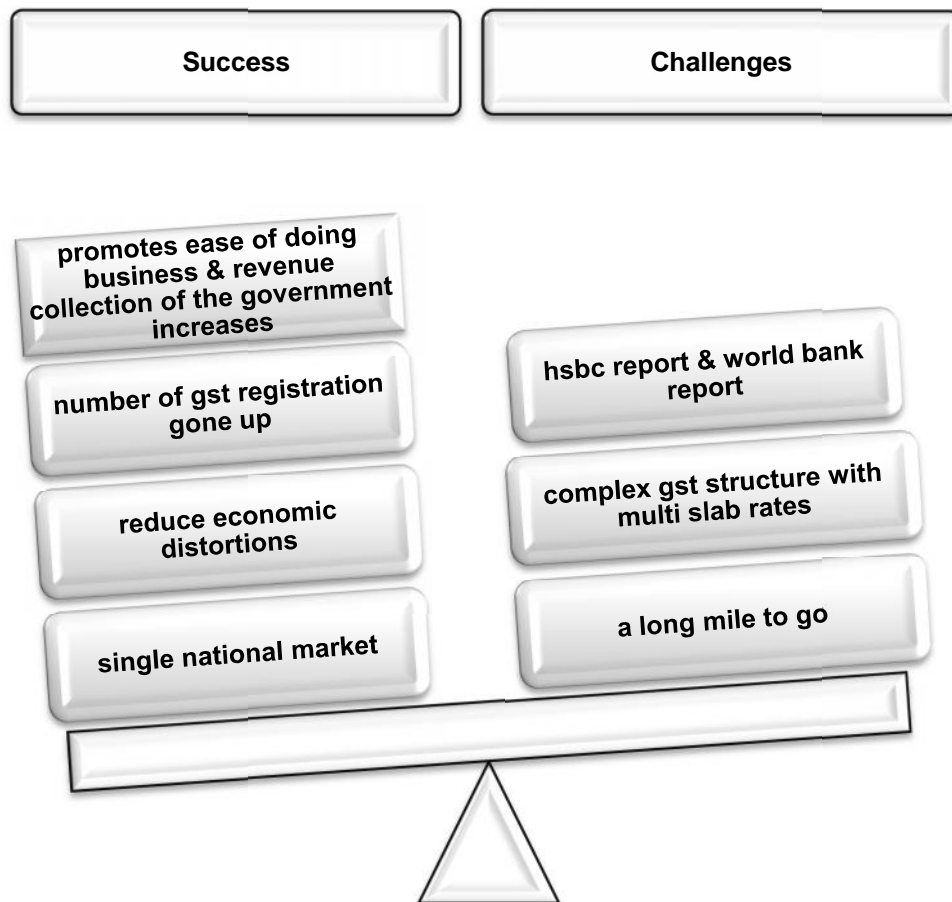


Diagram 5 explains the assessment and impact of GST after two year of implementation

- **Single National Market**

GST got success in reducing the transportation cost for items produced in the economy and it saves huge time for movement of goods from one place to another place whereas earlier taxation system, it was not only promoting long queue, huge delays but also shift extra cost on the consumer. Movement of goods were restricted due to such delays and rise in the transportation cost and it raised the costs of logistics sector. There were long queues of trucks at each and every state border road but these all have been disappeared now because check points have been dismantled & promoting a seamless flow of goods and services to the national market by realizing the concept of unified national market.

- **One Tax Nationally**

GST realizes the dream of having one indirect tax and same level of taxation on the same good across the nation whether it is in Kanyakumari or Jammu and Kashmir. It has made the system more efficient by giving the power to businesses to streamline the distribution system whether it is related to production, supply or storage.

- **Number of GST Registration Gone Up**

Number of GST registration has crossed 11.2 million from 6.4 million in pre GST era and more and more businessmen are signing up for GST. Credit for this rise in number goes to transparent digital processes, invoice matching and incentives provided on input credit. It has raised the base of EPFO and aligned India with standard of global regimes. It has reduced not only business complexities but also the burden of compliance.

- **Reduce Economic Distortions**

When we look at macroeconomic perspective or aggregates, GST is one which decreases economic distortions as a result it would render encouragement to enhance economic growth. GDP growth rate for 2017-18 was 6.5% - 6.75% which is lower than 2016-17 with 7.1 % however this nominal reduction in GDP growth rate was anticipated because of implementation of GST. It was predicted that once this transition period will be over it would rise once again and this is happening as expected GDP growth rate for the Financial Year 2018 -19 is 7% to 7.5%.

- **Promotes Ease of doing Business & Revenue Collection of the Government Increases**

By April 2018, the revenue collection reached its peak and it exceeded Rs. One lakh crore and around 68,299 companies newly registered itself from July 17 to February 18 as compare to 63,106 companies considering for registration in the same period in last year. 5% average growth for the period of July 2017 to January 2018 was estimated by IIP (The Index of Industrial Production) which is an Index analyzer company related to work of Industry based on the data or statistics related to production in manufacturing sector. Government had moved forward and working energetically in sorting out all the problems arises in the way of GST's effective implementation through GST Council meetings, Government Circulars, Faqs, official twitter responses, notifications. However, it would be require some time for the government to simplify the GST structure and return filing process and ultimately it would promote to ease of doing business in the coming future. Government should pay attention to formulate tax administration systematically and advance notifications and awareness related to norms should be provided to the organization.

- **Better Tax Compliance**

According to Economic Survey, in GST regime there is a 50% increase in the unique Indirect tax payers as compare to pre GST regime. It is a clear proof of growing & transforming India from a non tax compliant society to tax compliant society. Around 66 lakh enterprises have been registered since independence in India whereas around 48 lakh enterprises have been added within one year of GST implementation and it is a result of simple and easy procedures adopted under GST. Because of benefits provided under input tax credit chain, many small enterprises whose turnover is even low and may opt to out from GST registration but they voluntarily choose to register themselves and majority of new registration are coming from Business to Business (B2B) section. Even states can identify the leakages in the system through the help of advanced data analytics and can improve their revenue collections.

Challenging Impact & Assessment of GST in the 2 Year after GST Rollout

- **A Long Mile to Go**

A rural and illiterate shopkeeper does not know how to file return through online mode. It makes the compliance of GST very difficult for them as they are struggling with the basic issues. They don't know how to use and access computers and internets as internet facility are very poor in the rural areas. Before implementation of GST, government should ensure the skills like computer knowledge, knowledge regarding E- filing of returns.

- **Cumbersome Process of Registration**

Industries operated in the nation wants a well comprehensive compliance mechanism but when it came into the operation it was just against their expectations because of cumbersome process of registration and GSTN system. There is involvement of Information technology and Permanent Account Number created a psycho fear among businessmen regarding multiple audits, assessments by the governments and many a time slow error resolution mechanism not functions properly and it is making their life more difficult.

- **Number of Cesses and their Percentages Increased**

No doubt after GST roll out a number of changes happened in the economy like lowering down the tax rates and structures but a number of cesses have been introduced after the scrap of multiplicity of indirect tax however it was supposed to reduce in GST regime. Whenever government needs additional resources they just simply raise the number and percentage of cesses on luxury and sin items however later it was expanded to automobiles and sugar etc.

- **Refund problems for exporters & rising cost became a big issue:** - Small enterprises running in rural areas with lower knowledge of Information technology and Internet, it became difficult for them to have an ERP system with full time internet connectivity and hiring a chartered accountant have raised their cost and working capital requirements. Data matching law, Refund mechanism for exporters, laws and procedures to govern them have also raised the cost and irked the businessmen working in the nation.

- **HSBC report & World Bank Report**

Recently, two reports have been published regarding implementation of GST in Indian economy which gains the attention of critics. HSBC is a British brokerage firm and according to their report, "GST will bring formalization in the economy in the longer period of time. However, in this one and half year period it has not brought expected results and actions so far. It has failed to realize its biggest promises and to formalize the economy. It has not been able to reduce the demand for cash money although it has gone up nowadays but still it has not been able to live up their promises". This report further cited that "any semblance of increased formalization of the economy following demonetization, if at all has for now, reverted to pre demonetization levels.

On the other hand according to World Bank Report "Indian GST system is one of the most complex systems in the world with so many slabs & higher rates".

- **Highest Rate of Taxation**

World Bank report named GST reform as "Bold Reform" as it have the one of complex structure in the world as it not only have higher rates of taxation but also largest number of tax slabs. After Chile, India has second highest Standard GST rates in the world whereas it became the nation with highest standard GST Rates in the Asian Continents with 28%.

- **Complex GST Structure with Multi Slab Rates**

According to Biannual Indian Development Update Report, most of the countries around 49 countries have a single GST rates, 28 countries have two rates and only 5 countries including India and rest four are Pakistan, Ghana, Italy and Luxemburg are having four non zero tax rates. India is unique in its scale of implementation of size but it is also unique in terms of its size. Indian GST has four non zero rates like 5%, 12%, 18% and 28% and apart from this many items are taxing at 0% and gold is being taxed at the rate of 3%. Hence it has ruled out the concept of single GST rate and to justify this Finance Minister had said in a press conference that "Sin and luxury goods can't be taxed at same rate as common man products".

- **Exemptions to Several Items**

Petroleum products, Power, Energy etc are still kept out of the umbrella of GST. However NDA government were trying hard to include it in the ambit of GST but it has not been successful in gaining the consensus of the states. May be in coming future it would be the ambit of GST.

Conclusion

In the pre GST era, there were multi tax structure even on the same goods and services. These tax rates, slabs and structure were used to vary at every state which usually leads to higher cost of production and inefficiency in the tax collection which ultimately lead to tax evasion and tax avoidance and shrinks the tax base. It had also promoted cascading effects means tax on tax, redtapism and corruption. Then GST came into action and it unified & harmonized the Indirect Taxation System in the whole nation. It was projected to bring competitive and equal prices at every region of the nation hence no black marketing of goods from one place to another place will happen and it will lowered down the prices which will resultant in larger increase in the consumption of goods. Crystal clear transparent taxation system will help manufacturing sector to raise the level of exports. GST will also help to widen the tax base by lowering down the tax rates. Now, it became more than one year of GST implementation. Transition period have been over now and the general observation & experiences of people are mixed. Some may not treat this as a perfect and successful single system of taxation but most of them believe that it is working. There are some issues which need to be addressed as early as possible for smooth functioning of GST system. If we carefully look upon the assessment of a year then we might see some positive feedbacks and some worries for the coming future. Almost one and a half year has passed away after GST rollout which is a shorter period of time to evaluate the rate of success of GST but it worth an assessment of the performance. There are many positive works done and still there are some challenging tasks needs to be done in coming future. India will become a single market where goods can move freely and there will lesser compliances to deal with for businesses and the benefits of GST will definitely outweigh the disadvantages of GST.

References

- ✓ Bagchi, Amaresh. (2018). Towards GST: Choices and Trade-offs : | Economic and Political Weekly. Economic and Political Weekly, 41(14), 1314–1317. <https://www.epw.in/journal/2006/14/budget-specials/towards-gst-choices-and-trade-offs.html>

- ✓ CGST, SGST, IGST & UTGST - Types of GST in India. (2019, November 11). Masters India IT Solution Pvt. Ltd. <https://www.mastersindia.co/gst/what-is-cgst-sgst-igst-and-ugst/>
- ✓ Chakravorty, P. (2019). GST in India Simple Tax in a Complex Federal System. Orient BlackSwan Publishing House, New Delhi.
- ✓ Dahal, R. (2012). Constitutional Framework for Goods and Service Tax (GST) in India. SSRN Electronic Journal. <https://doi.org/10.2139/ssrn.1596522>
- ✓ Das, R. S. D. S. (2017). Gst and Its Impact on Online Marketplaces in India [Varanasi]. In Global Journal of Multidisciplinary Studies (Vol. 6, Issue 7). <http://www.gjms.co.in/index.php/gjms2016/article/view/2632>
- ✓ Garg, K. R. (2019, March 18). GST Impact on Traders. Tax Guru, Complete Tax Solution, <https://Taxguru.In/>. <https://taxguru.in/goods-and-service-tax/gst-impact-traders.html>
- ✓ Central Goods and Services Tax Act, 2017, (April 12, 2017). <http://indiacode.nic.in/handle/123456789/2250>
- ✓ Jaitley, A. (2019, July 1). 'GST has proved to be consumer-, assessee-friendly' - The Hindu BusinessLine. <https://www.thehindubusinessline.com/economy/gst-has-proved-to-be-consumer-assessee-friendly/article28252661.ece>
- ✓ Ministry of Finance, G. of I. (2020, July 15). About GST by Goods and Services Tax Council. Ministry of Finance, Government of India, <http://www.gstcouncil.gov.in/about-gst>
- ✓ Ministry of Finance, G. of I. <http://gstcouncil.gov.in/gst-council>. (2020, July 16). GST Council, Goods and Services Tax Council. Ministry of Finance, Government of India. <http://gstcouncil.gov.in/Gst-Council>. <http://gstcouncil.gov.in/gst-council>
- ✓ Mithe, R. (2020, May 12). The importance of manufacturing in India - Sectors - Manufacturing Today India. <https://www.manufacturingtodayindia.com/7349-the-importance-of-manufacturing-in-india>
- ✓ Nath, B. (2017). Goods and services tax: A milestone in Indian economy. International Journal of Applied Research, 3(3), 699–702. www.allresearchjournal.com
- ✓ Paisabazaar.com. (2020, April 19). What is SGST, CGST & IGST | Types of GST - Paisabazaar.com. Paisabazaar.Com, <https://www.paisabazaar.com/Tax/What-Is-Sgst-Cgst-Igst/>. <https://www.paisabazaar.com/tax/what-is-sgst-cgst-igst/>
- ✓ Published on October 11, 2015, & Chauhan, V. (2015, October 11). A Brief History of Indirect Taxation in India . <https://www.linkedin.com/pulse/brief-history-indirect-taxation-india-varun-chauhan/>. <https://www.linkedin.com/pulse/brief-history-indirect-taxation-india-varun-chauhan/>
- ✓ Raj, R. (2017). Goods and Services Tax in India [Faculty of Law, Banaras Hindu University University, Varanasi, <http://hdl.handle.net/10603/275135>, <http://shodhganga.inflibnet.ac.in:8080/jspui/handle/10603/275135>]. In SSRN Electronic Journal. <https://doi.org/10.2139/ssrn.2946241>
- ✓ Rao, M. G. (2005). Tax system reform in India: Achievements and challenges ahead. Journal of Asian Economics, 16(6), 993–1011. <https://doi.org/10.1016/j.asieco.2005.10.003>
- ✓ Rao, M. G. N. (2011). Goods and services tax: A Gorilla, Chimpanzee or a genus like "primates"? Economic and Political Weekly, 46(7), 43–48. <https://www.jstor.org/stable/27918146>
- ✓ Rao, M. G., & Singh, N. (2007). Asymmetric federalism in India. Fiscal Fragmentation in Decentralized Countries: Subsidiarity, Solidarity and Asymmetry, 295–319. <https://doi.org/10.4337/9781781007617.00020>
- ✓ Rao, R. K., & Chakravorty, P. (2010). Goods and services tax in India: An assessment of the base. Economic and Political Weekly, 45(1), 49–54.
- ✓ Sury, M. M. (2006). Taxation in India – 1925 to 2007 History, Policies, Trends and Outlook (M. M. Sury (Ed.)). New Century publications <http://www.newcenturypublications.com/>. <http://www.newcenturypublications.com/Catalogue-2006-07.pdf>
- ✓ Tiwari, H., & Singh, Shambhu Nath, CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS (CBIC), DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, G. O. I. (2018). Goods and Service Tax : Concept & Status (Vol. 22, Issue 1). <https://doi.org/10.1177/0971890718758198>.