



Impact Factor - 3.452

ISSN - 2348-7143

INTERNATIONAL RESEARCH FELLOWS ASSOCIATION'S

# RESEARCH JOURNEY

Multidisciplinary International E-research Journal

PEER REFREED & INDEXED JOURNAL

January-2018  
SPECIAL ISSUE-XXX

## IMPACT OF GST ON PRIORITY SECTORS OF INDIAN ECONOMY

**Guest Editor**

Dr. Hiranman M. Kshirsagar  
Principal,  
MVP's Arts & Commerce College, Soygaon  
Tal-Malegaon, Dist - Nashik [M.S.] INDIA

**Chief Editor**

Mr. Dhanraj T. Dhangar  
Assist. Prof. (Marathi)  
MGV'S Arts & Commerce College, Yeola,  
Dist - Nashik [M.S.] INDIA

Executive Editor : Dr. Manoj V. Jagtap  
Associate Editor : Prof. Sachin G. Pawar

SWATIDHAN INTERNATIONAL PUBLICATIONS

For Details Visit To : [www.researchjourney.net](http://www.researchjourney.net)

Attested

  
Principal

Arts, Commerce & Science College  
Nandgaon - 423106 (Dist. Nashik)



## Index

No.	Title of the Paper	Authors' Name	Page No.
1	GST Impact on Marketing & Economy	Dr. Jagdish J. Patil	6
2	Impact of GST on Inflation	Dr.D.R.Bacchav	11
3	GST Impact on Small & Medium Business	Dr. S. K. Pagar	15
4	Impact of GST on Priority Sectors in India	Dr. Hiranman M. Kshirsagar	18
5	Impact of GST on Industry	Dr. Amol A. Gaikwad	23
6	GST : An Overview	Dr. Patil Meena Fakira	26
7	Advantages and Disadvantages of GST	Dr.Pankaj Tryambak Nikam	29
8	Impact of GST on Manufacturing Sector	Mr. Kardak Santosh Eknath	32
9	How GST will affect Service Sector in India?	Dr. Jayashri P. Jadhav	36
10	GST and Customers: A Brief Study	Prof. Ankush Ananda Kapadne	40
11	Impact of GST on India's Foreign Trade	Prof.D.D.Gavhane Prof. N.D.Wadghule	43
12	GST And Indian Economy	Swati Kisanrao Shelke	48
13	Goods and Service Tax-One Tax One Nation	Prof .Sonawane Rameshwar N.	51
14	The Impact of Goods and Service Tax (GST) on India's International Trade.	Prof .Nilesh.B .Nerkar	54
15	वस्तु व सेवा कर आणि भारतीय अर्थव्यवस्था	डॉ. करणसिंग राजपूत	57
16	वस्तु व सेवा कर (जीएसटी) - स्वरूप व फायदे-तोटे	प्रा. डॉ. सुनील पं. उगले	62
17	जीएसटी : एक दृष्टीक्षेप	डॉ. कारे डी. एन.	67
18	यंत्रमाग उद्योगातील जॉबवर्क आणि जीएसटी	डॉ. सौ. जाधव लीला दोधा	70
19	जीएसटी : भारतीय कररचनेतील महत्वाचा बदल	प्रा. एम. व्ही. हिरे	72
20	भारतीय अर्थव्यवस्थेवरील जीएसटी परिणामांचे अध्ययन	प्रा. डॉ. ज्ञानेश्वर एन. सोनवणे	76
21	भारतातील वस्तु व सेवा कराचे भवितव्य	प्रा. डॉ. ना. ना. गाढे	80
22	जीएसटीचा भारतीय अर्थव्यवस्थेवरील प्रभाव	प्रा. डॉ. मनोज विठ्ठल जगताप	84
23	जीएसटी : फायदे व तोटे	डॉ. मनीषा के. आहरे	87
24	जीएसटी आणि उत्पादन क्षेत्र	प्रा. सचिन जी. पवार	90
25	जीएसटीचा भारतीय अर्थव्यवस्थेच्या प्राधान्य क्षेत्रावरील परिणाम	प्रा. मनोज पी. देशमुख	93
26	वस्तु व सेवा कर (GOODS & SERVICES TAX)	प्रा. समाधान पुंजाराम सूर्यवंशी	95
27	वस्तु व सेवा कर भारतीय अर्थव्यवस्थेवरील परिणाम	प्रा. बागुल पुंडलिक एस.	98



## Advantages and Disadvantages of GST

Dr.Pankaj Tryambak Nikam

MVP Samaj's , Arts, Commerce and Science college Manmad ,  
Tal- Nandgaon, Dist Nashik. (Maharashtra)

### INTRODUCTION:

GST has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the parliament on 29<sup>th</sup> March 2017. The Act came into effect on 1<sup>st</sup> July 2017. Goods and Service Tax Law in India a comprehensive, multi-stage, destination-based tax that is levied on every value addition. In simple words, Goods and Service Tax is an indirect tax levied on the supply of goods and services. GST Law has replaced many indirect tax laws that previously existed in India. The GST is basically indirect tax that brings most of the taxes imposed on most goods and services, on manufacture, sale and consumption of goods and services, under a single domain at the national level. Goods and Services are divided into five tax slabs for collection of tax-0%, 5%, 12%, 18% and 28%.

### Advantages of GST:

#### 1. GST eliminates the cascading effect of tax:

GST is a comprehensive indirect tax that was designed to bring the indirect taxation under one umbrella. More importantly, it is going to eliminate the cascading effect of tax that was evident earlier. Cascading tax effect can be best described as "Tax On Tax".

#### 2. Higher threshold for registration:

Earlier, in the VAT structure, any business with a turnover of more than Rs. 5 lakh (in most states) was liable to pay VAT. Please note that this limit differed state-wise. Also, service tax was exempted for service providers with turnover of less than Rs 10 lakh. Under GST regime, however, this threshold has been increased to Rs. 20 lakh, which exempts many small traders and service providers.

#### 3. Composition Scheme for small businesses:

Under GST, small businesses (with turnover of Rs 20 to 75 lakh) can benefit as it gives an option to lower taxes by utilizing the composition scheme. This move has brought down the tax and compliance burden on many small businesses.

#### 4. Simple and easy online procedure:

The entire process of GST (from registration to filling returns) is made online, and it is super simple. This has been beneficial for start-ups especially, as they do not have to run from pillar to post to get different registrations such as VAT, excise and service tax.

#### 5. Defined treatment for E-commerce operators:

Earlier to GST regime, supplying goods through e-commerce sector was not defined. It had variable VAT laws. Let us look at this example-

Online websites (Flipkart and Amazon) delivering to Uttar Pradesh had to file a VAT declaration and mention the registration number of the delivery truck. Tax authorities could



sometimes seize goods if the documents were not produced. Again these e-commerce brands were treated as facilitators or mediators by states like Kerala, Rajasthan, and West Bengal did not require them to register for VAT.

All these differential treatments and confusing compliances have been removed under GST. For the first time, GST has clearly mapped out the provisions applicable to the e-commerce sector and since these are applicable all over India, there should be no complication regarding the inter-state movement of goods anymore.

#### 6. Improved efficiency of logistics:

Earlier, the logistics industry in India had to maintain multiple warehouse across states to avoid the current CST and state entry taxes on inter-state movement. These warehouses were forced to operate below their capacity, giving room to increased operating costs. Under GST however, these restrictions on inter-state movement of goods have been lessened. As an outcome of GST, warehouse operators and e-commerce aggregators/players have shown interest in setting up their warehouses at strategic locations such as Nagpur instead of every other city on their delivery route. Reduction in unnecessary logistics costs is already increasing profits for businesses involved in the supply of goods through transportation.

#### 7. Unorganised sector is regulated under GST:

In the pre- GST era, it was often seen that certain industries in India like construction and textile were largely unregulated and unorganised. Under GST however, there are provisions of online compliances and payments, and for availing of input credit only when the supplier has accepted the amount. This has brought in accountability and regulation to these industries.

#### Disadvantages of GST :

##### 2. Increased costs due to software purchase:

Businesses have to either update their existing accounting or ERP software to GST-compliant one or buy a GST software so that they can keep their business going. But both the options lead to increased cost of software purchase and training of employees for an efficient utilization of the new billing software. Clear tax is the first company in India to have launched a ready-to-use GST software called cleartax GST software. The software is currently available for free for SMEs, helping them transition to GST smoothly. It has truly eased the pain of the people in so many ways.

##### 1. Being GST- compliant:

Small and medium- sized enterprises who have not yet signed for GST have to quickly grasp the nuances of the GST tax regime. They will have to issue GST- compliant invoices, be compliant to digital record-keeping, and of course, file timely returns. This means that the GST compliant invoice issued must have mandatory details such as GSTIN, place of supply, HSN codes, and others.

##### 2. GST will mean an increase in operational costs:

As we have already established that GST is changing the way how tax is paid, businesses will now have to employ tax professionals to be GST-compliant. This will gradually increase costs for small businesses as they will have to bear the additional cost of hiring



experts. Also, businesses will need to train their employees in GST compliance, further increasing their overhead expenses.

### **3. GST came into effect in the middle of the financial year:**

As GST was implemented on the 1<sup>st</sup> July 2017, businesses followed the old tax structure for the 3 months ( April, May and June), and GST for the rest of the financial year.

### **4. GST is an online taxation system:**

Unlike earlier, businesses are now switching from pen and paper invoicing and filling to online return filling and making payments. This might be tough for some smaller businesses to adapt to.

### **5. SMEs will have a higher tax burden:**

Smaller businesses, especially in the manufacturing sector will face difficulties under GST. Earlier only businesses whose turnover exceeded Rs 1.5 crore had to pay excise duty. But now any business whose turnover exceeds Rs 20 lakh will have to pay GST.

Change is definitely never easy. The government is trying to smoothen the road to GST. It is important to take a leaf from global economics that have implemented GST before us, and who overcame the teething troubles to experience the advantages of having a unified tax system and easy input credits.

### **References:**

1. GST Law Manual- R.K.Jain's
2. Impact of Goods And Services Tax on Indian Economy-Alpana Yadav.
3. <http://gst.india.com>
4. Daily News Papers.