



" GOODS AND SERVICES TAX (GST) IN INDIA -A CASE STUDY OF GHMC AREA IN TELANGANA STATE "

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ABSTARCT

The main aim of this paper is to make the readers understand the (GST) concepts, growth and structure of Goods and Services Tax (GST).The GST is one of the biggest tax reforms in India. The Indian GST model is a Canadian GST model like dual levels Central GST (CGST) and State GST (SGST) statute for each and every State.The aim of GST is to simplify the tax administration and minimize tax slab rates.

Key Words: GST, Indirect Tax - Complication, Black money, CGST and SGST

INTRODUCTION:

Sri Atal Bihar Vajpayee the then Prime minister of India first proposed the introduction of Goods and Services tax (GST) in 2000.It is a comprehensive tax that replaced several indirect taxes that were levied by both the Central and State Governments. The evolution of GST in India has been a long and complex process that involved multiple stakeholders and required significant political will. In 2006, the then-Union Finance Minister proposed in Budget for 2006-07 that GST would be implemented from April1,2010.The Empowered Committee of State Finance Ministers (EC), which designed the State VAT, was requested to create a roadmap and structure for the GST. Joint Working Groups of officials from the States and the Centre were established to examine various aspects of the GST and produce reports, particularly on exemptions and thresholds, taxation of services, and taxation of inter-state supplies. The EC released its First Discussion Paper (FDP) on GST in November 2009, based on internal and external discussions with the Central Government. The FDP outlined the features of the proposed GST, which formed the basis for the current GST laws and rules.

The Central Goods and Services Tax Bill 2017 (The CGST Bill), the Integrated Goods and Services Tax Bill 2017 (The IGST Bill), the Union Territory Goods and Services Tax Bill 2017 (The UTGST Bill), and the Goods and Services Tax (Compensation to the States) Bill 2017 (The Compensation Bill) were approved by the GST Council and passed by the Lok Sabha on March 29, 2017. These Bills were passed by the Rajya Sabha on April 6, 2017 and became Acts on April 12, 2017.

The GST has a four-tier tax structure with rates of 5%, 12%, 18%, and 28%. Some essential goods and services are exempted from GST, while others attract a cess in addition to the GST rate. Though initially GST rates seemed to be high and purchasers of goods and services were unhappy, they realized later that in long-term benefits of GST for the common man are plentiful.

GST reduces tax burden on producers and fosters growth through more production of goods and services. A study on tax structure in India revealed that the earlier taxation structure, pumped with myriad tax clauses, prevented manufacturers from producing to their optimum capacity and retarded economic growth. This problem is addressed as GST takes care of providing tax credit to the manufacturers and provides simplified clauses in lucid language.

- In the earlier tax system, different tax barriers, such as check posts and toll plazas lead to wastage of unpreserved items being transported. This penalty transformed into major costs due to higher buffer stock and warehousing costs. GST being a single tax system eliminates this roadblock.
- There is more transparency in the GST system as the customers know exactly how much taxes they are being charged and on what base.
- GST adds to the Government revenues by extending the tax base.

GST provides credit for the taxes paid by producers in the goods or services chain. This is expected to encourage producers to buy raw material from different registered dealers and hopes to bring in more vendors, suppliers and producers under the purview of taxation.

Review of Literature:

Dr. Maruthi M. (2020): The research has conducted to better understand the concept of GST and its positive impact in India. All sectors in India, including manufacturing, services, telecommunications, automobiles, and small and medium-sized enterprises (SMEs), are subject to GST, which will bind the entire country to a single tax system.

Nayyar, A., and Singh, I. (2018): have depicted the evolution of India's indirect tax system since independence. This study investigates the need for GST in India. The researchers described various foreign GST models, including Canadian, Quebec, and Australian models. The researchers also examined the impact of GST on the Indian economy and discovered that GST will aid in the growth of the Indian economy.

Objectives of the paper

1. To know the concept and frame work of GST in India.
2. To find out the growth of GST in India in general and GHMC, Telangana in Particular.

RESEARCH METHODOLOGY:

The study is based on secondary data. Simple percentages are used to measure the trends in GST collections at National level, State and GHMC levels.

The main objective is to know trends in GST collections in the State of Telangana and GHMC area in Telangana State. The research is descriptive in nature. The secondary data was mainly collected from GST's web site and Press information Bureau (PIB) .This study covers the period from 2017 to 2023.

Growth in GST collections in India

Table no: 1

S. NO	Financial year	CGST (Rs..crs)	SGST (Rs..in crs)	IGST (Rs.in crs)	Cess (Rs.in crs)	Total (Rs.in crs)	%
1	1/7/2017-31/3/2018	1,19,000	1,72,000	3,66,000	62,021	7,19,021	100
2	1/4/2018-31/3/2019	2,02,444	2,78,817	5,98,720	97,369	11,77,350	163.74
3	1/4/2019-31/3/2020	2,34,099	3,16,011	6,16,665	99,860	12,66,635	176.16
4	1/4/2020-31/3/2021	2,39,938	3,12,228	6,34,663	99,715	12,86,544	178.92
5	1/4/2021-31/3/2022	2,70,506	3,45,963	7,63,119	1,07,759	14,87,347	206.85
6	1/4/2022-31/3/2023	3,23,835	4,10,134	9,43,825	1,28,253	18,06,047	251.18

Source: GST official website. Annual collections are calculated by summing up monthly collections.1/7/2017 is taken as the base year.

It may be seen from table no1 that the GST collections have grown by 163.74% in the financial year 2018-2019 as compared to the financial year 2017-2018.By the financial year 2022-2023, the GST collections have doubled to 251.18%.The increase in the GST collections in a period of 6 years can be attributed to strict implementation of GST by Governments. Governments made it mandatory to register in GST portal first before any one plans to start any business. Submission of PAN card, Aadhar card, bank account, TIN etc is made compulsory so as ensure payments of GST without fail.

Types of GST

There are four types of Goods and Services Tax (GST) in India. They are:

1. Central Goods and Services Tax (CGST): CGST is a tax levied by the Central Government on the Intra-State supply of goods and services. The revenue collected under CGST is managed by the Central Government.

2. State Goods and Services Tax (SGST): SGST is a tax levied by the State Government on the Intra-State supply of goods and services. The revenue collected under SGST is managed by the State Government.

3. Integrated Goods and Services Tax (IGST): IGST is a tax levied by the Central Government on the inter-state supply of goods and services. IGST is applicable when goods or services are supplied from one State to another State. The revenue collected under IGST is shared by the Central and State Governments.

4. Union Territory Goods and Services Tax (UTGST): UTGST is a tax levied by the Union Territory Government on the intra-UT supply of goods and services. The revenue collected under UTGST is managed by the Union Territory Government.

The Central Government collects by IGST and distributes proportionately to the State Governments based on the number of transactions by each State.

Inter-State Supply: It means supply of goods and services between two different States (a) between two different Union Territories (b) between different States and Union territory (c) A State and a Union Territory. Such supplies are treated as the supply of goods or services in the inter-State trade or commerce. Any supply of goods or services in the taxable territory, not being an Intra-State supply, are deemed to be supply of goods or services in the course of Inter-State trade or commerce. Supplies to or by Special Economic Zones (SEZs) are defined as Inter-State supply. Further, the supply of goods or services imported into the territory of India till they cross the customs frontiers of India shall be treated as supplies in the course of Inter-State trade or commerce. Also, the supplies to international tourists are to be treated as inter-State supplies.

Some observations about GST: The GST removes the bundled indirect taxes such as VAT, CST, service tax, Current account deficit (CAD), special additional duty (SAD), and excise.

It ensures tax compliance and a simplified tax system compared to the earlier tax structure.

It removes the cascading effect of taxes i.e. removes tax on tax. It reduces the manufacturing costs due to lower burden of taxes on the manufacturing sector. Hence, prices of consumer goods are likely to come down.

It lowers the burden on the common man i.e. public have to shed less money to the same products that were costly earlier. It increases demand for and consumption of goods and services. This, in turn will lead to increase in supply of goods and services. Hence this will ultimately result in rise in production of goods and services.

GST being a simplified tax system ensures more tax compliance compared to the previous multiple and complicated tax structure.

As all the bank transactions and GST collections are transparent and identification of tax payers and tax evaders is easy to be caught.

To measure the success rate of GST implementation in India, the researcher collected statistics about GST collections at National, State and GHMC level. The trends in GST collections for 6 years starting from inception of GST.i.e 2017till date are recorded and yearwise percentage of growth is calculated. The GST collections in India, IGST in India GST collections in Telangana and GST collections in GHMC area in Telangana are separately recorded in four tables.(From table no.1 to table no.4)

Growth in IGST collections in India

Table no: 2

S.N	Financial year	IGST (Rs...n Cr)	Changes in %
1	1/7/2017-31/3/2018	3,66,000	100
2	1/4/2018-31/3/2019	5,98,720	163.58
3	1/4/2019-31/3/2020	6,16,665	168.47
4	1/4/2020-31/3/2021	6,34,663	173.40
5	1/4/2021-31/3/2022	7,63,119	208.50
6	1/4/2022-31/3/2023	9,43,825	257.87

Source: Source: GST official website. Annual collections are calculated by summing up monthly collections.1/7/2017 is taken as the base year.

It can be observed from table no2 that the IGST collections grew by 163.58% in the financial year 2018-2019 as compared to the financial year 2017-2018. By the financial year 2022-2023, the IGST collections have grown more than double recording a growth of 257.87%.The increase in the IGST collections in a period of 6 years can be attributed to strict implementation of IGST by Governments. Governments made it mandatory to register in GST portal first before any one plans to start any business. Submission of PAN card Aadhar card, bank account, TIN etc...is made compulsory so as ensure payments of GST without fail.

Previously there were no uniform sales tax rates charged by the invidual States. Whatever rates directed by the supplying State Governments were paid by the purchasing State Governments. After the introduction of IGST, the Central Governments played the big brother role by fixing IGST rates to be followed strictly by all the Sates. With this, the grievances of the all States are redressed and movement of goods and services among the States improved resulting increasing IGST collections. Added to this, tax payments are monitored strictly by the Central Government that arrested tax evasion resulting in more IGST collections.

Growth in GST collections in Telangana State

Table no: 3

S.No	Financial year	CGST (Rs.in crs)	SGST (Rs.in crs)	IGST (Rs...in crores)	Cess ((Rs.in crs)	Total ((Rs.in crs)	%
1	1/7/2017-31/3/2018	4,485	6,528	6,525	3,789	21,327	100
2	1/4/2018-31/3/2019	8,079	1,1240	10,580	6,497	36,395	170.65
3	1/4/2019-31/3/2020	9,398	12,968.	10,930	6,500	39,812	186.67
4	1/4/2020-31/3/2021	8,847	11,792	10,567	5,161	36,367	170.52
5	1/4/2021-31/3/2022	10,930	13,506	11,142	6,310	41,888	196.40
6	1/4/2022-31/3/2023	12,821	15,613	15,640	6,480	50,554	237.04

Source: compiled from secondary data. 1/7/2017 is taken as the base year.

It may be seen from table no 3 that the GST collections grew by 186.67% in the financial year 2018-2019 as compared to the financial year 2017-2018. By the financial year 2022-2023 the GST collections have doubled recording growth of 237.04%. The growth in State Government revenues in Telangana are mainly due to reductions in tax evasion. Due to strict implementation and monitoring of tax collections that are inherent in the GST system all the tax payers are forced to comply with GST rules. The tax payers or would be tax payers have to compulsorily submit their identification through their PAN card, Aadhar no, bank account number, TIN etc so that it is not easy to escape from the tax payment even on a small transaction.

Growth in GST collections in Greater Hyderabad Municipal Corporation (GHMC)

Table no: 4

S.No	Financial year	CGST (Rs...in Cr)	SGST (Rs in Cr)	IGST (Rs...in Cr)	Cess (Rs..in Cr)	Total (Rs...in Cr)	%
1	1/7/2017-31/3/2018	3,531	5,304	4,338	3,779	16,952	100
2	/4/2018-31/3/2019	6,099	8,154	5,800	6,480	26,533	156.51
3	1/4/2019-31/3/2020	6,885	9,970	6,873	6,482	30,210	178.20
4	1/4/2020-31/3/2021	6,322	8,839	6,620	5,143	26,924	158.82
5	1/4/2021-31/3/2022	7,850	10,936	8,490	6,283	33,559	197.96
6	1/4/2022-31/3/2023	9,301	12,686	10,077	6,433	38,497	227.09

Source: compiled from secondary data.1/7/2017 is taken as base year.

It may be seen from table no 4 that the GST collections have grown by 156.51% in the financial year 2018-2019 as compared to the financial year 2017-2018. By the financial year 2022-2023 the GST collections have doubled recording a growth of 227.09%.The increase in the GST collections in a period of 6 years can be attributed to strict implementation of GST by Telangana Government. Telangana Government made it mandatory to register in GST portal first, before any one plans to start any business. Submission of PAN card Aadhar card, bank account, TIN etc is made compulsory so as to ensure payments of GST without fail. This can be stated as the main reason for huge growth in GST collections in GHMC area.

CONCLUSIONS:

1. The introduction of Goods and Services Tax (GST) in the Indian taxation system is one of the biggest tax reforms in the Country. The new tax regime is subsumed all the previous indirect taxes and tries to eliminate the tax evasion and cascading.
2. Reduces the manufacturing costs due to lower burden of taxes on the manufacturing sector. Hence, prices of consumer goods are likely to come down.
3. The growth rate of GST collections in India is drastically increased in each and every financial year from 2017 to 2023.It indicates universal acceptance and compliance of GST thereby increasing GDP of the Country.
4. The growth rate of GST collections in Telangana State and GHMC is also increased in each and every financial year from 2017to2023.It removes regional imbalances and ensures balanced development of the State.

SUGGESTIONS:

The GST structure should be made simpler and GST rates should be lowered to get full co-operation from the tax payers in full compliance with GST payments. This will automatically improve revenue to the Government which in turn can result in better standard of living, better and improved basic facilities like roads, water, health, education, electricity, sewerage, defence etc...

1. E-way bill slabs should be mentioned clearly so as to avoid confusion among the tax payers.
2. Another issue regarding GST payments is that apart from the online payment of GST through their portal, physical submission of tax payers is insisted. There should either be online transactions or off –line transactions in order to avoid duplication. In order to reduce delays in uploading ITC, heavy investment in Information Technology (IT) infrastructure should be made to make sure that the last minute rush of transactions are managed effectively.
3. In order to meet the shortage of GST experts, more training programmes should be conducted by the Government. Universities should be encouraged to start short term courses on GST and its implementation/compliance.
4. Chartered accountants should be train their apprentices in GST structure procedures, rules and regulations.

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