



# REVIEW PAPER: GST IMPACTS ON VARIOUS BUSINESSES

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**ABSTRACT:** The decision of the Government of India to give the green light to GST in July 2017 has seen its impact on every citizen of our country and members of society. Thus, the implementation of GST has various effects from the manufacturing sector to the end consumer. Hence, this paper reviews the impact of GST on various businesses. Thus, this research paper is presented with the expectation that as a result of various reference lists, consumers will get better benefits in the future and help the government in formulating policies with an understanding of taxation and collection. The main objective of this paper is to know how the impact of GST on different sectors has been positive or negative. For this purpose I have read a total number of 30 papers, out of which only 5 papers closely fit my purpose, I have discussed in detail here the presentation of their ideas. As this is a conceptual paper-only is discuss which can be the only limitation of my research. My research work is based on various terminologies like GST, the agriculture sector, the textile industry, the Indian economy, etc. This research work is completed with the help of Google Scholar, shodhganga thesis, Research Gate, jstore, and the official website of the government. After discussion of various research papers with the help of the above various sources, it is concluded that GST has mostly positive effects on agro, textile as well as Indian economy. As a whole which is discussed in detail below.

**KEYWORD:** GST, Agriculture, Textile, FMCG, Indian economy

## INTRODUCTION:



It may be noted here that the law relating to Goods and Services Tax came into force from July 2017 after the passage of the Goods and Services Tax Bill in both houses of Parliament. This tax has replaced most of the

indirect taxes levied by the central and state governments and thus created a uniform indirect tax structure across the country and has achieved the long-held dream of one nation, one tax system, and one market. The impact of Goods and Services Tax can be seen in various sectors such as the manufacturing sector, trade and commerce sector, health sector, messaging sector, transport sector, etc. Some of these effects have been positive while some are negative.

### **Review literature**

Lal, P. et al, (2017)

This paper helped to understand the impact of GST on the agriculture sector. Researchers found that GST has both positive and negative effects on the agriculture segment. This paper concluded that GST could provide a favorable environment for business by moving the price level and inflation rate.

Maidan, R. and Garg, P.

The main objective of this paper was to examine the impact of GST on the textile sector of India. It is one of the oldest developed industries in India, second only to agriculture. It is at the forefront in providing employment and the government has also automatically got 100% FDI approval from this industry.

Bala, M. (2018)

This paper gave an understanding of GST, its models, advantages and disadvantages, and its impact on the Indian economy. According to research GST has made a major improvement in the Indian economy by reducing the impact of previous taxes on the prices of many goods and services. This paper concluded that the entire country will get the facility of a unified market due to GST. GST will pave the way for better E-commerce which is expected to make companies more competitive.

Manjusha, J. and et al.

The main purpose of this paper was how GST has affected companies in the FMCG sector. The researcher used various secondary data as well as ANOVA and SPSS software to analyze the above effect. This research concluded that since it is only one year of GST. It is not fully known whether its impact will prove beneficial to the sector.

Mishra, N. (2018)

The research was done about the effects of GST on the Indian economy. According to the research, this study has proved to be beneficial for both the general public and the government, because GST has decreased consumption has increased due to the decrease in prices,?? and this has directly increased the country's GDP. Moreover, investment in FDI has also increased due to which employment opportunities have increased. This paper suggested that this tax structure would serve as an inspiration on for new entrepreneurs and businessmen in India.

### **RESEARCH METHODOLOGY:**

This paper is based on various literature of previews, articles, research papers, blogs, websites and information on the internet that have been studied.

### **OBJECTIVE:**

To analyze the effect of GST on various businesses.

To analyze whether the impact of GST is positive or negative.

### **LIMITATIONS OF THE STUDY:**

The present study mainly relies on secondary data.

The present study is genuine for a few businesses and not genuine for more businesses.

### **DISCUSSION:**

Agriculture is India's number one employment-generating industry accounting for 52% of the total rural population. Which contributes 17.4 percent to the country's total domestic product. Hence it can be said that the agriculture sector plays a very important role in the economy of India. How the implementation of GST has affected the various industries is the main objective of this paper, in part, it can be said that GST has positive effects on this sector because GST is a consumption-based tax that benefits a nation and a market. The relaxation

in the tax rate of products and services related to the agriculture sector has made a good impression on this segment.

Cloth is one of the three primary necessities of life as discussed by the researchers. And in the textile industry, India ranks second only to China in the whole world. Both positive and negative effects of GST are seen in this textile industry. Looking at the positive effects, it is realized that the textile industry provides employment to 35 million people and is also an exporter with a 12% share in the production of raw materials and fiber required for textile production.

In his paper, Athar says, removing the shortcomings of old indirect taxes has given way to a new tax structure and that is GST. The goal of making the entire nation a single market has been achieved the credit of which, goes to GST because GST has subsumed various indirect taxes of central and state governments.

Another study showed that the newly introduced tax system is very simple and transparent, and the impact on the consumer goods sector is also minimal, the researchers said in this study. Furthermore, since the period between the implementation of GST and this research is very short, the researchers have not been completely successful in knowing how it has affected the CPG sector. In this study, the researchers collected and analyzed the data of various companies on their purchase-sale profit tax and stock price, etc. to check the impact of GST. However, researchers have not been completely successful in obtaining results.

According to the review done by the researcher in another study, the effects of the implementation of GST on the growth and development of the country's economy will be as follows: Consumers pay taxes on the consumption of goods and services and the cost of these goods and services increases only because of the compliance cost which is also a deterrent to small traders and manufacturers which directly affects the livelihood of the society. Therefore, in the long run, GST is not only for reducing the tax rate but it can be improved by setting the minimum tax rate, and in some countries, GST has also helped to improve the economy. Moreover, due to the effect of GST, the fiscal deficit will increase as inflation will decrease, exports will increase and FDI investment will also increase. Finally, according to the researcher, GST is the biggest tax reform in the history of the country, which will help the country move in the direction of business and commerce.

### **CONCLUSION:**

After the birth of GST, it is seen that there have been extensive effects on the country's economy, some of which are positive and some are negative. Some of the positive effects Various businesses and their various brands have increased drastically which some small and some big businessmen have benefited from. As big businessmen are eyeing the brands of the international market and are eager to invest in them which will create more employment opportunities in the country which will reduce unemployment can be partially solved. and on the other hand, the small traders are also getting relief from the tax burden thus they have become more enterprising and have succeeded in sustaining their existence. Thus, various traders can easily complete their online registration by going to the official website of GST to avail all its benefits. It is no exaggeration to say that "GST is a boon for the traders and the consumer is the winner in this huge ocean market".

### **SUGGESTIONS:**

GST will help farmers to get better value for their produce in proportion to their labour hence it can be said that the impact of GST on the agriculture sector will be beneficial in the long run.

As the textile industry contributes well to exports, GST is likely to have a positive impact on the textile industry in the long run.

Due to the reduction in GST rates on various products, the GST outlook on the FMCG sector is favorable which will benefit both the consumer and the government.

Thus, checking the effects of GST on various sectors such as logistics, e-commerce, pharma, telecommunication, real estate, freelancing, automobile, and start-ups, etc., it can be said that the government of our country is the only support to bring forward the small and big traders related to all these sectors.

Finally, all possible alternative ways should be explored to reduce the burden of payment costs on the welfare of the general public.

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