



**ISSUE 1 FOR THE MONTH OF MAY, 2020**

**EDITED BY:**

**1) Puja Dawar Rao**

Editor-in-chief | Department of Management  
200090602009.Puja@gdgu.org  
+91-9044382618

**2) Saumya Tripathi**

Editor | Department of Law  
Official@judicateme.com  
+91-9044382618

**3) G. Brahmakrit Rao**

Editor | Department of Science  
Brahmakrit.rao@judicateme.com  
+91 9810709121

**PUBLISHED BY:**

SAUMYA TRIPATHI

**(Publisher)**

Official@judicateme.com

+91-9044382618

**Address:** 14/251, vikas nagar, Lucknow.



---

---

## IMPACT OF GST ON INDIAN ECONOMY

---

---

*By, Jayant Goel, IIIrd Year, B.com Hons.,  
From, Amity University, Noida.*

### INTRODUCTION

Tax is a financial burden on the assessee of a country or we can say that it is the extra amount paid by the taxpayer for a commodity. This amount is collected by the Government and is used for public welfare like construction of roads. And building infrastructure of the country. Every citizen of the country is liable to pay the tax failure to which the citizen is punishable under the law. The system of Tax was first introduced in 3000-2800 BC in Ancient Egypt. In India, system of Tax was introduced in 1860 by James William who was the first finance member in India. Goods and Services Tax (GST) is an indirect tax which is levied on goods and services consumed by the consumers.

GST was introduced by our honorable Prime Minister, Mr Narendra Modi on the stroke of midnight on 1<sup>st</sup> July 2017. GST is collected by the State government (SGST) and the Central Government (CGST) if it is produced and consumed in the same state. But if the goods and services are produced in one state but consumed in another state, then only one GST is collected that is Integrated GST (IGST) which is levied by the Central Government in the state where the goods are consumed and not in the state where they are

produced. Rate of GST on different types of products varies with each other. GST consists of 5 types of rate slabs. For

Example, necessity goods like medicines have 0% GST levied on them. This means medicines and other necessity goods are tax free. GST rate on household items like sugar, edible oils, tea etc is 5%. Goods like computers and processed foods lie under 12% slab rate of GST goes to 50% of which the state government and the remaining percentage goes to the Central Government. Products like Hair oil, soaps and all commercial goods fall under the 18% GST rate category. Lastly luxury goods like cars, air conditioners etc are covered under 28% GST rate.

However, GST is still not chargeable on alcohol. The taxes levied on alcohol are different in different states. GST has demolished all other indirect taxes like Value Added Tax, Excise Tax, Customs, Octroi Tax etc. GST was introduced with a vision of "One Nation, One Tax". There are two types of taxes which are currently prevailing in the Indian economy. Indirect tax and Direct Tax. The burden of these taxes can be shifted from one person to another. For Example, the retailers charge these taxes from the consumers.

The burden of these taxes cannot be shifted from one person to another. For example: Wealth Tax, Income Tax, Corporate Tax and many more. The collection of GST can be called a multistep process as GST is collected at every stage of production of a product. However, the GST is refunded to

all parties involved in the production process except the final consumer

The noteworthy wellspring of salary for any nation is the evaluation, so for money related improvement of the nation, it is important to have incredible expense appraisal structure. GST would be a noteworthy move towards Indian economy as since opportunity India has stood up to a bit of the issues taking into account complex indirect cost system, this unconventionality is believed to be settled by present GST structure displacing all state and central roundabout appraisals in to one fundamental astounding tax. GST is an expansive underhanded cost on amassing, arrangement and usage of product and organizations at national level. One of the best assessment assortment changes in India is the (GST) all set to join state economies and lift for the most part advancement.

At present, associations pay package of indirect appraisals, for instance, VAT, Service charge, bargains charge, preoccupation cost, octroi and lavishness charge. There would be only one price, that too at the national level, collected by the central government. Under this structure, the purchaser pays the last appraisal yet a beneficial data charge credit system ensures that there is no falling of charges.

The thought driving this cost was envisioned by a French obligation official during the 1950s. France is the essential country on the planet which has realized GST in 1954. Today, in excess of 160 nations, including the European affiliation, Australia and Asian countries, for instance, Sri Lanka, Singapore and China practice this kind of duty appraisal.

### **GST in India**

GST was introduced as the constitution (one hundred and first adjustment) act 2017

after the section of constitution 122nd amendment Bill. Dr. R. Vasanthagopal considered, "GST in India: A Big Leap in the Indirect Taxation System" and assumed that changing to GST from current indirect evaluation structure in India will be a positive development to help the Indian economy. GST while overriding the VAT (Value Added Tax) unwound all the complexities present in the present indirect obligation framework. This cost structure gave the Indian economy with a strong evaluation system which was truly important for money related progression of the country. Right now, and Services Tax decidedly influenced the Indian economy.

**Meaning of Goods and Service Tax:** New Article 366(12A) of the Indian Constitution characterizes Goods and Services Tax (GST) as any assessment on supply of products or administrations or both aside from charges on the stock of the alcoholic alcohol for human utilization.

**Effect of GST on the Indian Economy:** GST will affect the general tax assessment arrangement of the Indian economy. It will ad lib the nation's GDP proportion and furthermore will control swelling somewhat. Be that as it may, the change will fundamentally be invaluable to the assembling business however will make a few things trying for the administration area industry. There has been a fall in the expense of creation in the residential market after the presentation of GST, which is a positive impact to expand the intensity towards the worldwide market. GST is relied upon to raise the GDP development from 1% to 2%, yet these figures must be broken down after effective usage. GST is likewise extraordinary in the manner it is imposed at the last purpose of utilization and not at the assembling stage. At present, separate tax rates are applied to products and ventures. A few nations have confronted a blended reaction in development like New Zealand considered a to be GDP when contrasted with nations like China, Thailand, Australia and Canada.

The GST rate is executed in different pieces like 5%, 12%, 18% and 28%, which will naturally give incredible expense additions to the legislature and the assembling segment will confront colossal development with decrease in charge rate. There is certainly something useful for everyone. Various sloppy parts which appreciate the cost advantage equivalent to charge rate will be brought under GST. This will make different segments like Hardware, Paint and Electronics and so on under the expense chunk.

**Effect of GST on different Sectors:** Goods and Services Tax will join the Indian economy into one basic market under a solitary umbrella of tax collection rates prompting ease of beginning and doing organizations, prompting increment in investment funds and cost decrease among different sectors. Some businesses will be enabled by GST due to decrease in charge rates while some will lose on account of higher pace of GST premiums.

(i) **Real Estate:** The compelling GST rate on under development land tasks will be 12 percent in particular and not 18 percent as there will be decrease for land cost by a report by PTI citing charge advisor EY.

(i) **Effect on transportation:** Under GST, taxi and taxi rides are burdened lower, from 6% to 5%. For the individuals who travel via air, GST is great as the assessment rate is brought down to 5% for the economy class and 12% for business class. Train charge, in the interim, is for the most part unaffected as the change is insignificant from 4.5% to 5%. The individuals who travel by sleeper are not influenced by the assessment rate change yet the individuals who travel top notch are charged more.

(ii) **Construction Materials:** Under overhauled request from the

administration, GST on under development pads and properties will be burdened at 18% which incorporates 9% SGST besides 9% CGST. The administration has likewise permitted derivation of land esteem equal to 33% of the aggregate sum charged by a designer, in this manner, making the viable expense rate as 12%. The 12% piece offered for the land segment won't influence at the cost of the level yet it will be on building materials.

(iv) **EMCG GOODS:** Fast moving customer merchandise segment will profit by the GST because of the present of large disorderly market. GST rate for items like hair oil, cleansers and toothpaste has been brought down by 500-600 bps from the past rates. Organizations, for example, Colgate-Palmolive, HUL, Britannia, Heritage nourishment and so on will profit by the move.

(v) **Automobile segment:** The car Industry is adapting up to the GST system as the administration is mindful especially for this part. The business of cars is immensely enormous which handles the assembling of a huge piece of vehicles and bicycles each year. In general, it is characterized that the GST charged on the vehicle business is not exactly the past assessment conspire because of the brought down expense situation. As the car business has just experienced some recession because of demonetization and after which outflows standards rule hit the grounds of cars segment, presently the business will get benefits out of GST with least problem free methods and rate obsession over the country.

### **Advantages of Indirect Tax**

•Removal of Cascading impact of charges/Tax on Tax/Double Taxation:

This impact of charges stacking upon each other for administrations suppliers. This has been a significant issue for all organisations as they were misguided with paying expenses twice. Under the past expense system, the exchange of products went under the administration contract. This meant each receipt had the estimation of merchandise just as administrations. Both of these pulled in a pace of 70% each giving a complete pace of 140%. Under GST, the charges are brought together under the stock of administrations and the tax collection framework is bound together.

• **Increase in Competitiveness:**

Under the old tax collection framework, charges used to establish around 25-30% of the retail cost of the merchandise and enterprises. With the execution of GST, costs have reduced since the weight of paying assessment has created a pressure onto the end buyer of the products and enterprises. Along these lines, there is a degree for organizations to produce more at lesser viable costs, prompting an ascent over competitors.

• **Simplification of Tax Structure:**

The duty computation under the arrangement of GST has gotten substantially more streamlined. This replaces the numerous phases of tax assessment under the old expense system. This spares a ton of assets for count of expenses. It has additionally joined the tax collection laws under different state governments.

• **Clarity for Software Industry:**

The product an IT sector of the nation have some clearness for the instalment of charges. Under the old arrangement of tax collection, there was some question on concerning whether they have to apply for VAT or Service Charge on their items. GST

obviously recognizes items and administrations and the manner in which tax collection is concerned them.

• **Inputs held in Stock**

The specialist co-ops will have the option to get to the CENVAT credit of information that is held in the stocks. The arrangement is best pertinent when clients move from tax assessment structure to the next, for example, from absolved class to an assessable classification.

• **Increase in sends out:**

The expense of creation in the local markets has dropped because of the execution of the Goods and Services Tax. this prompts a positive impact in expanding intensity in the universal markets prompting over the top fares.

• **Repairs and Maintenance**

Specialist co-ops managing conveyance of fixes and Maintenance administrations will appreciate the advantages of both the credit of info and acknowledge of information administrations for the agreement with the GST framework. Under the old system, the fix specialist co-ops could just profit by the credit of information administrations which, was an exceptionally restricting remuneration for the specialist co-ops.

• **Reduction of Input Costs**

Since the nullifying of the numerous degrees of tax assessment and the presentation of a solitary expense on esteem expansion, the expense of sources of info will diminish. The tax assessment on sources of info, for example, VAT, Excise obligation is never again legitimate and no longer a reason for tension of administrations suppliers.

**Negative GST Impact (s):**

The recently actualized charge system isn't completely great and there are some inborn blemishes with the arrangement of the

Goods and Services Tax. A portion of these are recorded beneath

- **Lack of a Centralized Registration**

The past tax assessment framework permitted the citizens to enlist from everywhere throughout the nation by means of a focal power. Be that as it may, with the execution of GST, citizens need to mention GST from their state and settle the Central Tax.

- **Taxation for Free Services**

Regardless of whether a specific give any service(s) with the expectation of complimentary they are as yet qualified to be burdened for it. Supplies made without thought will currently be assessable.

- **Taxation for Free Services**

Regardless of whether a specific give any service(s) with the expectation of complimentary they are as yet qualified to be saddled for it. Supplies made without thought will presently be assessable.

- **Service Costs to Consumer**

The paces of tax collection to the end customer will increment. The GST is goal based duty which implies the weight of the expense falls on to the end shopper.

- **Lack of concentrated System of Accounting**

Organizations in each state need to keep up their customized bookkeeping records since there is no concentrated enlistment of business. Each state is monetarily responsible to that state for tax collection. Records will be independent for focal and state tax assessment for every business

- **Return Filing**

As an entrepreneur, you need to record GST returns posting specifying all the business

exchanges, for example, buys deals and so forth intermittently. The decentralized enlistment is the reason for petitioning for such a large number of profits as you need to document the profits for each express your business ventures into. An entrepreneur needs to record near 37 returns in a monetary year. This method could be troublesome.

- **Public Education**

As the new tax assessment framework is set up, citizens and organizations must be instructed on the internal activities of the tax collection framework. The GST charge system has changed the framework totally and henceforth citizens and the overall population must be educated on how this will affect everyday business exercises. This will take up a great deal of assets and cash.

### **Advantages of GST to the Indian Economy**

- Removal of packaged indirect duties, for example, VAT, CST, Service charge, CAD, SAD, Octroi and Excise.

- Less duty consistence and a disentangled expense strategy contrasted with current assessment structure.

- Removal of falling impact of duties for example expels charge on charge.

- Reduction of assembling costs because of lower weight of assessments on the assembling area. Thus, costs of customer products will probably descend.

- Lower the weight on the regular man for example open should shed less cash to purchase similar items that were expensive prior.

- Increased request and utilization of products.

- Increased request will prompt increment supply. Consequently, this will at

last lead to ascend in the creation of merchandise.

- Control of dark cash course as the framework regularly followed by brokers and retailers will be put to a compulsory check.
- Boost to the Indian economy over the long haul.

These are conceivable just if the genuine advantage of GST is given to the last buyer. There are different components, for example, the vender's net revenue, that decides the last cost of merchandise. GST alone doesn't decide the last cost of products.

By what means will GST sway the Indian Economy?

- Reduces taxation rate on makers and cultivates development through more creation. The present tax assessment structure, siphoned with bunch charge conditions, keeps makers from delivering to their ideal limit and retards development. GST will deal with this issue by giving expense credit to the makers.
- Different charge obstructions, for example, check posts and cost courts, lead to wastage of unpreserved things being moved. This punishment changes into significant expenses because of higher needs of cradle stock and warehousing costs. A solitary tax collection framework will dispense with this detour.
- There will be more straight forwardness in the framework as the clients will realize precisely what amount charges they are being charged and on what base.
- GST will add to the administration incomes by expanding the duty base.
- GST will give credit to the duties paid by makers in the merchandise or administrations chain. This is required to

urge makers to purchase crude material from various enrolled sellers and is planned to acquire more merchants and providers under the domain of tax assessment.

- GST will evacuate the custom obligations relevant on sends out. The country's intensity in remote markets will increment because of lower expenses of exchange.

### **GST IMPACT ON AGRICULTURE SECTOR:**

Improvement and headway of agribusiness and associated area explicitly impacts thriving of people all over the place, common prospering and business and structures an indispensable resource base for different agro-based ventures and agro-organizations. The agribusiness territory in India has encountered basic assistant changes as decrease in offer of GDP from 30 for every penny in 1990-91 to 17.4 of each 2015-16 (Annual Report, 2015-16 MoA and FW) indicating a move from the customary agrarian economy towards an organization managed one.

Regardless, this decreasing in cultivating's responsibility to GDP has not been joined by an organizing diminishing in the idea of agribusiness in business. Around 52 for every penny of the total workforce is up 'til now used by the residence section which makes the larger part of the Indian masses dependent on cultivating for sustenance (NSS th66 Round). Regard extension in cultivating, therefore, holds tremendous potential for overhauling the desire for ordinary solaces of larger piece of everyone. Improved cultivating advancing offers a significant opportunity to achieve this objective. Items an organization appraisal will have both negative and beneficial outcome on cultivating.

Manures a fundamental part of cultivation was at that point troubled at 6% (1% Excise + 5% VAT). In the GST organization, the cost on composts has been extended to

12%. A comparative impact is on Tractors. Waiver on the manufacture of Tractors is removed and GST of 12% has been constrained. This is important as now the makers will have the ability to ensure Input Tax Credit India's channel creation in 2015-16 was 160.35 million ton, extended from 146.31mt out of 2014-15. Currently, simply 2% VAT is charged on channel and certain channel things anyway under GST the pace of fresh channel is NIL and skimmed channel is held under 5% segment and merged channel will be outfitted at the pace of 18%. Tea is likely a champion among the most crucial things in an Indian family. The expense of tea may in like manner increase in light of the cost pace of 5% under GST rate from the present typical VAT pace of 4-5% with Assam and West Bengal aside from 0.5 and 1%. 8A plan for the progression of National Agricultural Impact of GST on horticulture Market (NAM) is introduced by the central government.

## **RESEARCH METHODOLOGY**

### ***OBJECTIVE OF THE STUDY***

- To distinguish how GST affected our Economy.
- To research the positive and negative effects of GST.

The inspiration driving this assessment is to separate the effect of GST on the Indian Economy.

The assessment along these lines tries to organize the effect of GST on the Indian economy.

Technique for information assortment.

The report presents point by guide assessment toward portray alternate points of view recognized taking into account which certain disclosures and end on the investigation topic are recorded.

Data gathering has been done using Primary and Secondary methodologies.

Essential data collection technique: Online research surveys were set up for the overview. Poll was requested with Multiple Choice inquiries and requests as they are ideal for processing quantifiable data and rates. Further unequivocally Closed-Ended Importance Questions, open completed request to get illuminating information about the fact were drawn nearer to assemble data and achieve the inspiration driving assessment.

- Some data were in like manner being accumulated with the help of other research papers, YouTube chronicles and Google.

Auxiliary data gathering methods: Various information has been assembled by insinuating books, diaries, paper articles, investigate reports, papers, ask about papers, locales, online journals and articles.

## **Research instrument**

### **Questionnaire:**

#### **Study on effect of GST on Indian Economy.**

The motivation behind this investigation is to break down the effect of GST on Indian Economy. This review incorporates questions with respect to GST and its consequences for the economy of India

## **Objectives OF STUDY**

1. Utilization of online review is much of the time quicker and less point by point. The disservices of this procedure can be the disallowance of people who don't have a PC or convenient and besides require web affiliation.
2. Additionally, the authenticity of such investigations is broken as people might be in a race to complete it so likely won't give definite responses and may not

be glad to share detail. Goals of time and resources were inescapable.

This investigation is unmistakable in nature and it utilized the exploratory method. The information for the examination were accumulated from the optional sources, for example, diaries, articles distributed on the web and disconnected on different paper and sites.

### **Requirement FOR GST IN INDIA**

1. Present assessment framework permits is assorted variety of duties, the acquaintance of GST is likely with extraordinary it.
2. Many regions of Services which are untaxed. After the application of GST they will likewise get secured.
3. It may assist with maintaining a distance from loopholes created by present complex duty structure and will help in developing a typical national market.
4. Excise, VAT, CST have the falling impacts of expenses. In this way, there will be end up in paying assessment on charge. GST will supplant existing all present expenses.
5. GST will prompt credit accessibility on throughway buys and decrease in acquiescence necessities.
6. Accomplishes, consistency of duties over the domain, paying little mind to place of production or dispersion.
7. Gives more noteworthy conviction and straightforwardness of duties.
8. Guarantees charge consistence the nation over.
9. GST will stay away from twofold tax collection somewhat.

### **II.IMPACT OF GST ON PRICES OF PRODUCTS**

## ISSUE I

Expense specialists asserted that the past act of duty on charge – for instance, VAT was being charged on not simply cost of creation yet in addition on the extract obligation that was included at the industrial facility door prompting creation cost developing yet now totally had been gone when GST is turned out. The costs of purchaser durables, electronic items and instant articles of clothing will be accessible at low cost after turned out GST.

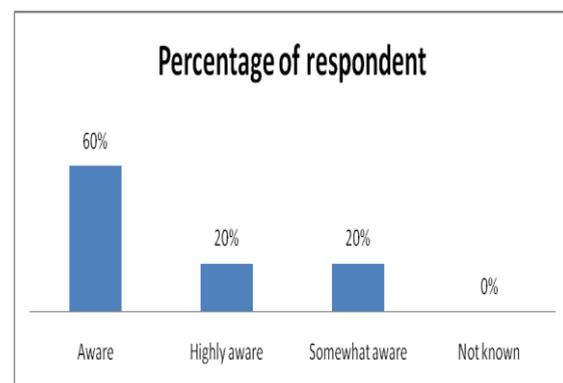
In different viewpoints, for products which were burdened at low rate, the effect of GST brings value increase. Administrations bearing fundamental ones like rescue vehicle, social exercises, journeys and so forth were absolved from demand are same. India has seen the most grounded charge change that plans to do away with different – charge framework on merchandise and ventures and bring them under one rate.

The administration revealed the much discussed Goods and Services Tax (GST) on the 12 PM of June 30. The GST Council has fixed the duty rates, keeping a view on all products and ventures; they are arranged under assessment chunks 0 % (absolved ones), 5%, 12%, 18% and 28%.

### **CHAPTER-3**

#### **DATA ANALYSIS AND INTERPRETATION**

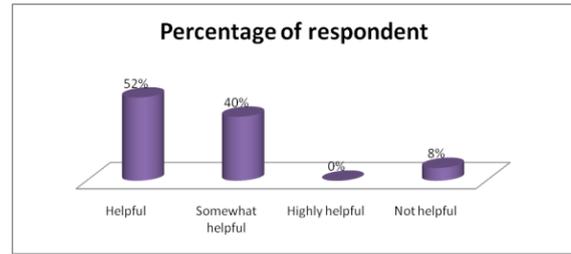
**Table: 1 Awareness of implementation of GST**



**INTERPRETATION:**

The above chart shows that awareness of implementation of GST. Out of 100 respondents, 60% of the people are aware about GST. 20% of people are highly aware.

20% of the people are somewhat aware about the GST. So, all the people are aware about the GST and it is necessary also.

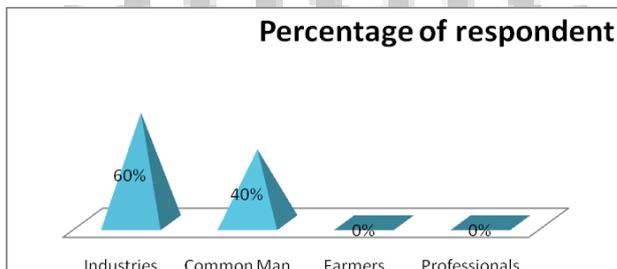
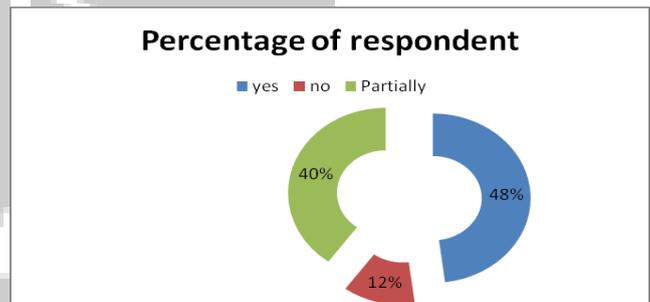


between GST and earlier tax system. Out of 100 respondents, 36% of the people believes that it is partially effective than earlier tax system. 32% of the people believes that it is effective, 20% of the people believes that GST is more effective than earlier tax system and 12% of the people believe that GST is not at all effective compare to earlier tax system.

**Chart: 2 Helpfulness of GST**

Basis	No. of respondents	% of respondents
Helpful	52	52
Somewhat Helpful	40	40
Highly Helpful	0	0
Not Helpful	8	8
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart: 3 Effects of GST**



Basis	No. of respondents	% of respondents
Industries	60	60
Common Man	40	40
Farmers	00	00
Professionals	00	00
<b>Total</b>	<b>100</b>	<b>100</b>

**INTERPRETATION:**

The above chart shows that comparison

**INTERPRETATION:**

The above chart shows that, effects of

GST on different areas of a nation. Out of 100 respondents, 60% of the respondents are hope that it mainly effects on industries, 40% of the respondents hope that it effects on common man. And there is no effect of GST on farmers.

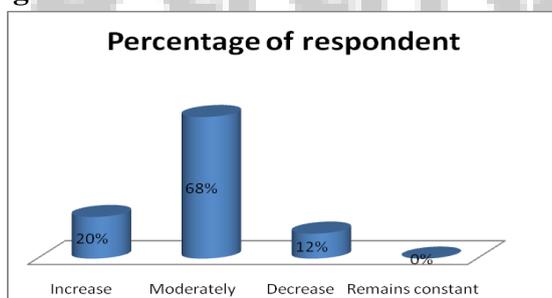
**Chart: 4 GST affects on revenue of a nation**

Basis	No. of respondents	% of respondents
Yes	48	48
No	12	12
Partially	40	40
Total	100	100

**INTERPRETATION:**

The above chart shows that effect of GST on revenue of a nation. Out of 100 respondents, 48% of respondents are believes that GST is affects the revenue of a nation either negatively or positively, 12% of the respondents are believes that there is no effect of GST on revenue of a nation and 40% of the respondents believe that GST partially effects on revenue of a nation.

**Chart: 5 Impact of price on necessary goes**



Increase	20	20
Moderately	68	68
Decrease	12	12
Constant	00	00
Total	100	100

**INTERPRETATION:**

The chart shows that, relationship between GST and price of necessary goods. 68% of the people Believes that GST moderately affects on the price of necessary goods. 20% of people believes that price of the goods increases because of GST, and 12% of the people believes that price of the goods will be decreases because of implementation of GST. And nobody believes that the price of the necessary goods remains constant because of GST.

**Table: 6 GST and Export-Import of a nation**

Basis	No. of respondents	% of respondents
Import Decreases	0	0
Export Decreases	12	12
Import Increases	16	16
Export Increases	72	72
Total	100	100

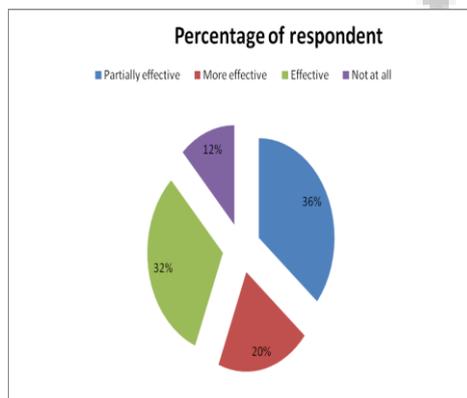
Basis	No. of respondents	% of respondents

**INTERPRETATION:**

The above chart shows that, how GST affects on export and import of a nation. Out of 100 respondents, 72% of the respondents believes that export will be increases because of increasing the production, 16% of the people believes that import increases, 12% of the people believe that export will be decreases. And nobody believes that Import will be decreases.

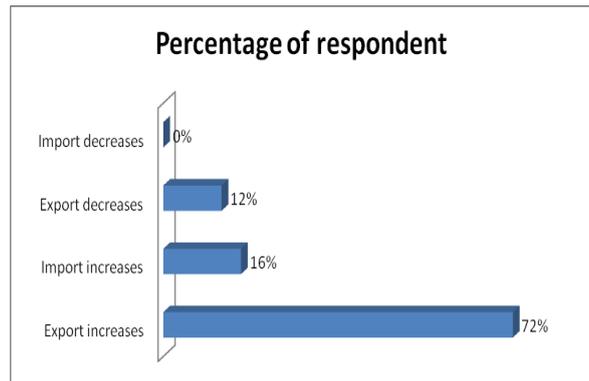
**Chart : 7 GST and earlier tax system**

Basis	No of respondents	% of respondents
Partially effective	36	36
More effective	20	20
Effective	32	32
Not at all	12	12
Total	100	100

**INTERPRETATION:**

The above chart shows that comparison between GST and earlier tax system. Out of 100 respondents, 36% of the people believes that it is partially effective than earlier tax system. 32% of the people believes that it is effective, 20% of the people believes that GST is

more effective than earlier tax system and 12% of the people believe that GST



is not at all effective compare to earlier tax system.

**SUMMARY AND FINDINGS**

From the above responses, it can be interpreted that majority of the people welcomed the GST regime in India which was implemented by the Central Government. Approximately 70% of the respondents were aware of the working of GST system and could comment on the positive and negative impacts of GST on the Indian Economy. Around 32% of the respondents believe GST is an effective tool to control the taxation system in India. Approximately 68% respondents think that there is a slight change in price if necessary goods because of implementation of GST. A good legal system ought to detain read problems with financial gain distribution and, at the same time, also endeavour to generate tax revenues to support government expenditure on public services and infrastructure development. The benefits from GST are dependent upon its design and GST will work as a motivation for Indian's economy change. In FMCG sector some companies will "gain" with lower taxes and distribution costs, and thus may respond by increasing product volume and lowering price.

**CONCLUSION**

The implementation of GST would pave way for a simple and understandable tax structure and would also help in avoiding any evasion taking place at any level. Thus, lot being said and done, an appropriate implementation would lead to actually understand whether "It is a boon or curse. All sectors in India - manufacturing, service, telecom, automobile etc. will bear the impact of it. While comparing challenges with its advantages, it is clearly visible that its advantages are more compared to challenges; It will give Indian economy a strong and smart tax system for economic development. But for gaining those benefits, country will need to build strong mechanism. But for gaining those benefits, country will need to build strong mechanism.

It is the most logical step in Indian indirect tax reforms. Further it is likely to improve the tax collection and boost the economic development of the country. It will also help in preventing leakages of tax which was already prevailing in the economy. It may falter in India due to likely inflation and also its impact on certain industries like telecommunication. It will result in resource and revenue gain at both Central and State levels. It will simplify the processes, bring transparency, higher output, employment opportunities and economic growth.

It will double the tax burden on food items and thus is not preferable, it is essential for the construction, housing and FMCG industries for their growth and expansion. The household final consumption expenditure and government general consumption expenditure are positively considerably related to the GDP (Gross Domestic Product). It is likely to improve the tax collection and boost the economic development of the country. A good legal system ought to detain read problems with financia gain distribution and, at the same time, also endeavour to generate tax revenues to support government expenditure on public services and

infrastructure development. The benefits from this are dependent upon its design and it will work as a motivation for Indian's economy change. In FMCG sector some companies will "gain" with lower taxes and distribution costs, and thus may respond by increasing product volume and lowering prices, while others may "lose" with higher taxes, and thus need to compensate by increasing prices. Implementation of this system is not effectively planned and structured. Amendments are necessarily required for giving a structure.



JudicateMe