

SWOC ANALYSIS OF GST IN INDIA

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ABSTRACT

GST also known as Goods and Services Tax is defined as amalgamation of Central and State indirect taxes into Single Tax Payment. GST is the Constitution (One Hundred and First Amendment) act, 2016. It is introduced on 1st April 2017. India is a 166th Nation to adopt GST. It is said that GST is a VAT plus Service Tax, but no, it is an improvement over previous system of VAT and disjointed Service tax.

GST Is further classified as CGST, SGST, and IGST, where CGST and IGST are collected by Central Government; SGST is collected by State Government. GST is a biggest tax regime which is implemented in India since 1947. This tax structure will greatly help India to enhance its Growth. GST made India as a one Unified Market which will be beneficial for the whole economy. GST Regime is challenging for coming years but in future it will greatly help in accelerating growth of an economy. This paper makes an attempt to explain GST and analyze its SWOC that is Strengths, Weakness, Opportunities, and Challenges.

Key words: GST, VAT, SGST, CGST

INTRODUCTION

Tax word is taken from Latin word *taxo*, it refers to mandatory financial charge or some other type of levy imposed upon a taxpayer by a governmental organization in order to fund various public expenditures. In India, there are two types of taxes which are levied by the government namely: Direct tax and Indirect tax.

Direct taxes are directly levied on the income, wealth of tax payer. It is directly paid by them whereas, In case of indirect taxes, taxes are not charged directly but, they are charged indirectly from consumers on goods and services consumed by them.

Indirect taxes are charged by both central and state government. Like Excise duty, custom duty, Service tax, CST are charged by central government and taxes like VAT, Entertainment tax, Luxury tax, Octroi/ Entry tax were charged by state government. But now,

all these central and state taxes (excluding exempted items) are amalgamated into one tax i.e. GST- Goods and Services tax.

GST is the seminal reform in taxation system. It has been a long pending decision. It is for the first time it has been conceptualized in India by then prime minister Atal Bihari Vajpayee in 2000 year. Various committees were formed for its implementation. But It could not be implemented due to conflicts between various stakeholders and political parties.

By the time Modi Government came into power the 115th amendment bill regarding the GST, introduced by congress has been lapsed. Modi Government introduced a fresh 122nd amendment bill in the parliament on 19 December, 2014 and the bill has been passed in Lok Sabha on 2015 and Rajya Sabha on 2016 which after being ratification by the states received assent from the President on 8 September, 2016. This bill is known as GST bill. It was decided to implement GST from April 2017. Due to administrative bottlenecks and practical constraints the bill has been implemented in July 2017.

GST- Goods and Services Tax refers to a tax which is livable at each point of sale or provision of service, in which at the time of sale of goods and services the seller may claim the input credit of tax which he has paid while purchasing the goods. In GST producers and traders are not responsible to collect tax from the consumers but it is the responsibility of retailers to collect tax on behalf of government from consumers. So the state which consumes more will be more beneficial than the producing state. So, it is basically a tax on consumption.

GST is an improvement over previous taxation system like in previous taxes value addition was covered only up to manufacturing stage not beyond that and, in services only listed services were covered but, in GST value addition of all goods and services (except exempted items) are done beyond manufacturing stage i.e. retail stage.

In India there is a “Dual GST” comprising central and state component charging simultaneously on the common base and the proportion of centre and state will be decided by GST council or Government. This model of Dual GST is taken by India from Canada. There will be one regulating authority namely GST Council.

GST is further divided into parts like: IGST, CGST, and SGST Where, IGST refers to interstate goods and services tax. It has replaced CST- Centre State Tax. It is not a burden on consumers as it is only use for arrangement of input credits. CGST refers to central goods and services tax which is collected by central government. It includes taxes which were previously charged by central Government like service tax, excise duty etc. And, SGST refers

to State Goods and Services Tax which is collected by state government. It includes taxes which were previously charged by state government like VAT, entertainment tax etc.

Basically IGST = CGST + SGST

GST will help the country to accelerate its economic growth. Also, it has removed the cascading effect of taxes i.e. tax on tax. Also it will greatly help in reducing tax evasion and corruption.

STATEMENT OF THE PROBLEM

At present there are different types of indirect taxes levied on goods and service at different levels. Some sectors enjoy the benefits through GST while some other sectors suffer most through GST. This study will help to know the concept of GST.

OBJECTIVES

- To discover the concept of GST.
- To do SWOC analysis of GST in India.

REVIEW OF LITERATURE

Dr.R.Vasanthagopal (2016) studied, “GST in India: A Big Leap in the Indirect Taxation System” has concluded that the decision of implementation of GST system in India will prove a transitional move and will grow Indian economy. The success story of GST can be found in 130 countries in world and its preference in Asia itself.

Nitin Kumar (2016) studied, “Goods and Service Tax- A Way Forward” has concluded that implementation of GST in India is a positive aspect for taxation system. It will help in reducing economic biases which arise from current indirect tax system and expected to strengthen equitable tax structure all geographical locations.

Pinki, Supriyakanna and Richa Verma (2017) studied, “Goods and Service Tax- Panacea for Indirect Tax System in India” has concluded that if GST is successfully implemented it will benefits central and state governments. As GST is applicable on supply of goods and services, the consumers will also be served in long run.

RESEARCH METHODOLOGY

The study is based on secondary sources like journals, publications, newspapers, books which elaborately explain the concept of GST.

SWOC ANALYSIS OF GST

S=STRENGTHS

Literary meaning of strength is the capacity of an object or substance to withstand great force or pressure. Here, Strengths of GST are:

- ◆ It drop out the cascading effects of taxes on production and distribution of goods and services
- ◆ It will inculcate competitiveness and thereby, GDP will increase.
- ◆ It encourages transparency in tax structure
- ◆ It provides a single tax GST by replacing multiple indirect taxes.
- ◆ It provides uniformity in rates in all states
- ◆ There are mainly 5 slabs rates instead of many.
- ◆ It will reduce tax evasion and corruption.

W=WEAKNESS

Dictionary meaning of weakness is the state or quality of being weak; lack of strength and here, the Weakness of GST are:

- ▲ Various taxes like electricity duty, custom duty and they like are not included in GST.
- ▲ GST requires proper IT structure but, India is lacking in this.
- ▲ People are not aware about the concept of GST.
- ▲ It might create confusion in the minds of common man.
- ▲ It requires consensus among all states for proper implementation.

O=OPPORTUNITIES

Dictionary meaning of opportunities is a situation or condition favorable for attainment of a goal. And here, opportunities of GST are:

- It will make the whole nation a unified market
- Businessman need not to worry at the time of starting of a business in any state as tax will be same in all states.
- Common man can get to know about how much indirect tax he pay to the government.
- It will reduce prices of many goods and thereby increase the competitiveness of Indian products.
- It will reduce the transaction costs as the whole system is online.

C=CHALLENGES

Literary meaning of challenge is a call to prove or justify something. And here, challenges of GST are:

- ◆ It is dependent upon efficiency of system.
- ◆ Required training of staff involved in GST system.
- ◆ GST seems to ignore the emerging sector of e-commerce
- ◆ GST is not a guarantee in itself.
- ◆ It may flair up the central and state conflicts.
- ◆ It may result into uncertainty in economic world.
- ◆ Industries and Business Growth may slow down in nascent stage of GST.
- ◆ It depends more on Consumption than on Production.

CONCLUSION

GST is most important revolution in Indian fiscal system. It is an integrated approach which consolidates whole nation in one bracket. All indirect taxes have been grouped under one umbrella to achieve efficacy and to minimize corruption in prevalent taxation system. in short run, GST will create stumbling blocks in way of economic development but, in long run, it will accelerate the economic pace. Modi government deserves to be complimented for taking such a brave economic decision without any political consideration. We expect rather believe that GST will go in long way in fulfilling dream of India becoming world economic power.

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