Detailed Analysis of Goods And Services Tax (GST) In India

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Abstract- *The tax levy is considered a major improvement from the date of implementation of the Goods and Services Tax (GST), which was implemented on July 1, 2017 India since independence in 1947 in. The GST was planned to be implemented on April 7, but was postponed due to political issues And the conflicting interests of the stakeholders. The primary objective behind the development of GST is to consume all types of indirect things Central excise tax, VAT / sales tax, service tax etc. Apply similar tax in India and a tax system in India. Based on GST The taxation system brings more transparency into the tax system and raises GDP rates from 1% to 2% and reduces tax evasion. Corruption in the country. The paper highlights the background of the tax system, important aspects including the GST concept Working, comparing Indian GST taxation system rates with other global economies and also introduces a deeper scope. Outlining the benefits of various sectors of the Indian economy and some of the challenges of GST after the introduction of GST implementation.*

I. INTRODUCTION

After the passage of this Bill in the Indian Parliament and more than 5% of the State Legislature, the President of India approved the Constitution Amendment Bill for Goods and Services Tax (GST) on September 2016. This Act will replace all indirect taxes imposed on goods and services by the Central Government and the State Government and will be implemented by GST by April 5. The implementation of GST will have far-reaching impact on all aspects of business in India. More than 140∘ countries are now accepting some form of GST India has long been an exception.

GST on Agriculture Product.

GST is the value added tax levied at all points in the supply chain, in which any tax is paid on the input taken for the purpose of supply supply. This will apply to all types of goods and services, including limiting the minimum discount.

In view of the federal structure of India, it is proposed that the Central Government (CGST) and the State Government (SGST) will be charged GST simultaneously. It is expected that the base and other required design features will be common for independent states during the CGST and SGST.

The inter-state supplies within India would attract an integrated GST (IGST), which is the aggregate of CGST and the SGST of the destination state.

The impact of GST on the "agricultural sector" is likely to be positive. Agriculture is the largest contributor to Indian GDP. It covers around 16% of Indian GDP. The implementation of GST is going to affect many factors in the society.

One of the main problems affecting the agricultural sector is the transportation of agricultural products across the state road across India. It is very possible that GST will solve the traffic problem.

GST will make India the first national market for agricultural goods. There are many explanations that must be provided for the rate of agricultural production. Under GST, special low rates for goods like tea, coffee, milk should be announced.

II. OBJECTIVES

1. To analysis on agriculture product tax before and after GST.
2. To examine the benefits of GST on customer behavior.
3. To avoid the burden on agriculture commodity.
4. To avoid middle man commission and to provide direct profit to farmers.

III. LITERATURE REVIEW

Prof. AnandNayyar And Inderpal Singh (KCL Institute of Management &Technology,G.T Road ,Jalandhar)Article in Indian Journal of Finance 2018,A Comprehensive Analysis of Goods and Services Tax (GST) in India. It has been stated that it is expected that the implementation of GST will be taxed due to boosting the agricultural marketSingle tariffs hamper the movement of agricultural commodities as products can be accessed better by truck.

- **Current Taxes in Agriculture (prior to GST)**

There are food items like rice, sugar, salt, wheat, flour, which have been exempted by Senvka. Under state VAT, grain and grains are taxed at the rate of 4%. Under current tax laws, agricultural products carry many licenses and many indirect taxes (VAT, excise duty, service tax).

State VAT currently applies to all agricultural commodities in each state, it goes before final consumption. Although there are some exemptions from state VAT for certain non-processed food products like meat, eggs, fruits, vegetables etc.

- **Positive Impact of GST on Agriculture**

A reliable and transparent supply chain mechanism. A fast and secure supply chain system can reduce waste as well as costs for farmers / retailers.

Reduce the cost for heavy machinery used in agricultural products. This will reduce production costs. Keep irrigation in rural and remote areas. GST Council reduces GST rate on sprinkler and nozzle by 12% GST

Goods and Services Tax (GST) - The biggest improvement in India's tax structure - the government was able to take a step towards creating a unified general market leading to the growth and sustainability of the country's economy.India's fastest-growing consumer goods (FMCG) sector has grown steadily over the past three years, with retail sales reaching $ 25 billion.

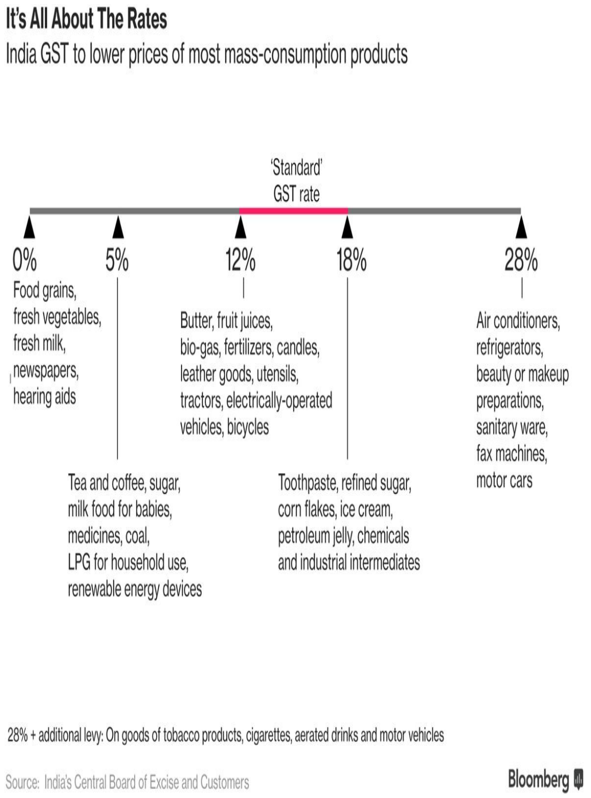
We believe that the implementation of GST and FDI (FDI), especially in the food processing sector, contributed to the growth of this industry and the market is expected to grow by 12.3 percent in 2018. Further, in line with the incentive GST, the Center's National Agricultural Market (NAM) has had the opportunity to increase the transparency and fair trade of agricultural commodities without paying many taxes.

Considering the perishable nature of agricultural commodities, the improved supply chain mechanism due to GST will re-create profit opportunities for farmers.New tax administration reduces tax burden on agriculture sector by exempting GST And created an opportunity for farmers to sell grain at the best available prices in the Indian market without the constraints of the state market and reduce storage-related food loss, which helps the Government to realize the double of the income of the farmer.

Foods are sold by the manufacturers due to the nature of GST as a consumption-based tax and are not levied only when they are prepared in contrast to the excise duty imposed earlier.

In addition, the decision to reduce the full input credit and 1% interstate tax on stock transfers allowed prior to GST on input / purchase has reduced the amount of capital required by companies.The government's decision to bring in a net warehouse of goods and services tax (GST) is likely to have a major impact on the players in the organized sector, who hire rental warehouses as part of the collateral management business. Especially when they do commodities, they see a huge influx.

Agri commodities collateral management business has flourished the past few years as companies in this space help farmers and processors get finance from banks and non-banking institutions. The new government decision means that they have to pay now 18 per cent GST on the rent they pay .



IV. RESEARCH METHODOLOGY

Data collection for the completion of this this paper is purely based on secondary source such as websites of government on India, documents from the international monetary fund, print media, budget related articles, books etc.

<u>Importance of GST in Indian Economy:</u>

Importance of GST in Indian Economy:

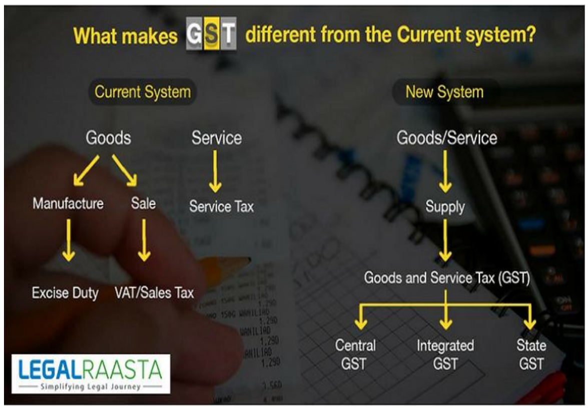
GST regime: GST is the biggest indirect tax reform in the country. GST is expected to bring together the country's economy and improve the overall economic development of the country.

GST is an indirect tax on the production, sale and consumption of goods at the national level. It will replace all indirect taxes levied by the state and the Center on goods and services.

GST is applicable in around 160 countries around the world. GST is a destination based tax levied in the state where goods are used. India has been implementing GST since July 1, 2017 and has adopted a dual GST model in which states and central taxes on goods or services or both.

SGST - The state government collects GST.

CGST - Central GST, collect by the Central Government.
IGST - Integrated GST, collect by the Central Government.



<u>Benefits of GST:</u>

To trade	To Consumers	
· Reduction in multiplicity of taxes	· Simpler Tax system	· Create unified common national market for India, giving a boost to Foreign investment and "Make in India" campaign
· Mitigation of cascading/ double taxation	· Reduction in prices of goods & services due to elimination of cascading	· Boost export and manufacturing activity and leading to substantive economic growth
· More efficient neutralization of taxes especially for exports	· Uniform prices throughout the country	· Help in poverty eradication by generating more employment
· Development of common national market	· Transparency in taxation system	· Uniform SGST and IGST rates to reduce the incentive for tax evasion
· Simpler tax regime	· Increase in employment opportunities	
· Fewer rates and exemptions		
· Distinction between Goods & Services no longer required		

Example :

In the Goods and Services Tax (GST) regime, the government has predicted a reduction of sugar NSE-8.8%, tea, coffee and milk powder.

"The proposed GST rates will be much lower than current taxes, except for instant coffee (sugar, tea and coffee) and milk powder," an official statement said.

Giving information on the current tax structure and GST, he said that the sugar fixes the central cess of Rs 1 per quintal and Rs 1 central sugar per quintal, which translates to a higher percentage of the value.

The current total tax incentives will be more than 8% working with deductions like central sales tax, taxes, and entry tax, which is lower than the proposed GST% GST, which is now less than %%.

In the case of tea and coffee (other than instant coffee), both items attract zero central excise duty and VAT rate%. Considering the phenomenon of taxes and CST, excise and entry tax embedded in tea and coffee production, the present total tax ratio is more than% percent. In contrast, the proposed GST rate for tea and coffee (excluding instant coffee) is only 5%, the report said.

Stating that the milk crunch now attracts the Central excise duty and %% VAT, he said that the tax rate, embedded in milk powder production and CST, excise and entry tax, is higher than the present total tax. %. In contrast, the proposed GST rate on milk powder is only 5%, it said.

V. CONCLUSION

The rise in inflation index is expected to increase the prices of some agricultural products for a short time. Although the implementation of GST will be of great benefit, farmers / distributors will be farmers in the integrated national agricultural market for a long time. GST will ensure that farmers who contribute the most to GDP can sell their produce at the best available prices.

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