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A review article on “Impact of GST on Various Sectors of Haryana”

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Abstract:

In India, GST has come into force on 1st July 2017 to renovate prior indirect structure of multiple taxes and improve tax amenability. Goods and Services Tax has come as the new indirect tax system, which has been the impetuous indirect tax reform in eras. The framework of GST provides concurrent authorities to the Union as well as the States to charge tax on supply of goods and services, which is the major indirect tax reform in the country since independence. The implementation of GST enhanced ease of doing business in India. It was introduced as The Constitution (101th Amendment) Act 2017, followed by the 122nd Amendment Bill of Constitution. The GST is governed by a GST Council and its Chairman is Smt Nirmala Sitharaman (Finance Minister of India). Under GST, goods and services are taxed at the following five rates, 0%, 5%, 12%, 18% and 28%. France was the first country to implement GST concept. GST is a destination-based indirect tax that levies on goods and services both. In India, GST improve tax revenue generation and tax compliance. We used descriptive and exploratory research methods. The results led to conclusion that the impact of GST is different on every sector. Lastly, our study has critically reviewed the impact of GST on different sectors in Haryana.

Keywords: GST, Impact, Entrepreneurs, Agriculture, Food Industry, Diary & Milk Product, Indian Economy, Textile, Pharmaceutical, Manufacturing, Automobiles, Banking, Tourism, Real-estate, Telecommunication.

INTRODUCTION:

GST is a single tax to be charged on the supply of goods and services. The Goods and Services Tax (GST) is a massive concept that simplifies the enormous tax structure by supporting and enhancing the economic growth of a country. The new GST will merge within itself 18 types of tax, from which there are 7 Central and 11 State taxes. GST will be an indirect tax at all the stages of production to bring about homogeneity in the system. On bringing GST, there would be consolidation of Central and State taxes into a single tax payment. It would also boost the position of India in both, domestic as well as international market. Under this system, the consumer pays the final tax and there is no cascading of taxes. Goods and Services Tax (GST) has given a new insightful of the Indian economy and new data has arisen. There has been a fifty percent increase in

the number of taxpayers. There has also been increase in voluntary registrations, enterprises that buy from big enterprises wanting to benefit themselves of input tax credits. India can be rated as among the best accomplishment economies in the world as the average growth throughout last three years is around 4 percentage points higher than global growth. This study will help us to study the impact of GST on different sectors in an Indian economy after its implementation.

Haryana is a state of India which is located in the northern part of the country. It is ranked 21st in terms of area, with less than 1.4% of India's land area. The state capital is Chandigarh, and the most popular city of Haryana is Faridabad, which is a part of the National Capital Region. The city of Gurgaon is among India's largest financial and technology hubs. Haryana has 6 managerial divisions, 22 districts, 72 sub-divisions, 93 tehsils, 50 sub-tehsils, 140 community development blocks, 154 cities, 7,356 villages. Haryana contains 32 SEZs, mainly located within the industrial strip projects connecting the National Capital Region. Gurgaon is considered one of the major information technologies and automobile centres of India. Rank of Haryana is 11th among Indian states in human development index. The economy of Haryana is the 13th largest in India. Haryana has added a new record as despite of having just 1.8% of geographical area of the country and 2.09 per cent of the national population, its contribution to the national fund of GST has been 4.7 per cent.

OBJECTIVES:

1. To study the impact of GST on Indian Economy.
2. To find out the impact of GST on Different sectors.
3. To study the different characteristics of GST.

DATA COLLECTION & RESEARCH METHODOLOGY:

This study is descriptive in a nature and is based on the secondary sources such as journals, published articles, newspapers and magazines; online journals. According to the objectives of the study, the research design is of descriptive and exploratory in nature. Available secondary data was widely used for the study.

IMPACT OF GST ON DIFFERENT SECTORS OF HARYANA:

1. Impact of GST on textile business in Haryana:

The Indian textile industry contributes about 10% of the total annual export, and this value is likely to increase under GST. The tax for textile industry is divided into 9 categories that varies from 4 to 12 %. The implementation GST will boost exports as it will have no complicated schemes. GST did not adversely affect the textile industry of Haryana. "Textile has been placed in the slab of 5% under the GST. Presently, there is an embedded tax of central excise duties of 3.38% and 2.8% of VAT on cotton yarn. The Chief Minister of Haryana claimed that the annual average rate of inflation is between 6-8% and the minimal tax burden that might fall on textile is not going to hamper the

sector. Rather, GST would bring traders in the unified chain of supply of textile, and promote accounted business and transparency.

2. Impact of GST on travel & tourism industry of Haryana:

The GST council provided a slight sigh of relief to mid- market and luxury hotels by stating that only rooms with a tariff of Rs. 7,500 and more would have a GST of 28%. Hotel rooms with a tariff between Rs. 2,500 to Rs. 7,500 would have a GST of 18%, the hospitality sector stands to gain the benefits of standardized and uniform tax rates and easy and better utilization of input tax credit. As the final cost to end user decreases, this would ideally result in improved revenues for the government and there are many pros to this new tax regime which might help the industry's growth in the long run. The travel and tourism industry are one of the major contributors in country's economic growth and is expected to reach Rs. 2796.9 thousand crores by 2023. In Pre GST era, there was a composite levy of both service tax 6%, as well as, Value Added Tax 14.5%, which blow up the bills by 30-35%. It is expected that GST will increase in savings of 10-15% on the overall bill. Tourism industry was suffering severely from multiple taxes. Hence it could be concluded by expecting that it really gives positive impact to the industry to cheer.

3. Impact of GST on paper industry:

Although newly introduced GST rates would not result in any profitability appreciation directly for the paper and board industry as it falls under the tax slab of 12% , which more or less is equivalent to the taxes that industry used to pay in the past. The Indian paper makers believe that GST, through its implementation, would surely have an overall positive impact such as improving the cost competitiveness, competitiveness against imports, higher tax amenability, greater cash flow, etc.

4. Impact of GST on foreign inflow:

Foreign inflow is likely to rise with the implementation of GST. Ease of doing business will be increased, so there will be a positive impact on FDI.

5. Impact of GST on job opportunities:

There will be no effect of GST on job opportunities in short run. But in long term, job opportunities will increase in manufacturing and service sectors.

6. Impact of GST on agriculture and allied sectors:

The agricultural sector is the largest contributing sector in Indian GDP. It covers around 16% of Indian GDP. But the rate of GST on pesticides is 18% due this the burden of farmers will be increased. The main Impact of GST on agriculture is that it would increase inflation around 4% to 8% on main food including cornflakes and gains. Agricultural products were subjected to diversity of taxation rates; as single rate of goods and service tax would help the farmers and also to traders because they can sell their produce in any part of the country. In the long run, there will be a single

integrated national agriculture market. It can be said from the above that GST is expected to have both positive and negative impact on the agriculture sector. It will impact negatively, In case of milk, Tea and Fertilizer.

7. Impact of GST on service sector of India:

Service sector provide Significant employment and India's service sector covers a wide variety of activities such as trade, hotel, transport, communication and business service etc.

Health services: The GST has majorly affected to many service sectors mostly it effects to health care Industry. Every person is worry about to his/herhealth; the pharmacy sector is majorly affected due to enactment of GST.

Banking sector: Enactment of GST is challenging specifically for this sector due to the higher rates as compared to the current service tax rate mechanism. Transaction fees in financial services such as credit card payments, fund transfer, ATM transactions, etc, is increased to 18%.Most banks have now imposed transaction charges on cash withdrawals from different bank ATMs or cash withdrawals from branch. Individuals will have to pay Rs 3 more for every Rs 100 paid as charges/fees for banking dealings.

Education: The Goods and Services Tax has finally come up to creating an impact on the education sector. According to the amendment, the GST on Coloured books, exercise books, notebooks, oil pastel will be 12 per cent while for pens and school bags, it would be 18 per cent. Some of the educational institutions would be exempted from the GST. The rate of GST for coaching institutions for competitive exams would be 18 per cent.

8. Impact of GST on real estate sector:

The Indian Real Estate sector has begun to show signs of improvement with the total FDI of US\$ 257 million in H1 2017, which is more than double the total FDI in 2016 full year. The impact of GST on the real estate sector cannot be fully measured as it largely hangs on the tax rates. However, the sector will see substantial benefits from GST implementation, as it has brought to the industry much-obligatory transparency and accountability.

9. Impact of GST on small entrepreneurs:

GST implementation will impact on SMEs across various industries will vary significantly. Overall, the new tax proposals under GST will have a mixed judgement. In essence, the GST's effect on the whole Indian economy will have to be studied in totality to reach a widely acknowledged conclusion. The fact that GST proposes to derive marvellous benefits and opportunities to business has assured continuing enthusiasm for GST. However, the anticipated benefits and prospects can only be derived from an unblemished GST model.

CONCLUSION:

GST will trim down tax hamper on producers and foster growth through more production.

Also, there will be more transparency in the procedure as the customers would know accurately how much taxes they are being charged and on what basis. GST would add on to government revenues by broadening the tax base. This would encourage these producers to buy raw material from different registered dealers and would bring in more and more vendors and suppliers under the horizon of taxation. GST also removes the custom duties pertinent on exports. Uniform GST rates across the country with seamless credit will make India an ordinary market leading to economy of scale in production and competence in supply chain. It will enlarge trade and commerce. GST will get rid of cascading effect end product of taxes implanted in cost of production of goods and services and will provide unchanged credit throughout value chain. The sectors which have drawn out value chain from basic goods to final utilization stage with operation extend in various states such as FMCG, pharmacy, consumer durables, automobiles and engineering goods will be the major recipients of GST.

A Stable and clear tax regime will give confidence to local and foreign investors in India by creating significant job opportunities. Electronic indulgence of tax returns, refunds and tax payments through 'GSTNET' without human interaction, will reduce corruption and tax evasion. This will facilitate the administration to keep GST rates lower which may have concerned impact on prices of goods in the medium term. The tax rate for services however may go up by 2 to 3% from the current level of 15%. The disagreeable impact of rate increase on services will be moderately neutralised by ease of use of unified input tax credit. GST will eliminate the double taxation in certain sectors due to tax dispute on whether a particular operation is for supply of goods or provision of service. CGST will also have impact on cash flow and working capital. But, those sectors where these goods form substantial input cost such as plastics and polymers, fertilisers, metals, telecom, air transport, real estate will not get full benefit of GST. GST play an important role in achievement of new India" undoubtedly GST is not a simple taxation system but will also help to fight with corruption and black money. GST will improve the way of the doing business, however it also had a huge cry against implementation, but also aptly understood, all good things come with the something bad with-it GST has affected a common man with the increasing the price on every product and service which we had discuss in the paper.

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