



INTERNATIONAL RESEARCH JOURNAL OF HUMANITIES AND INTERDISCIPLINARY STUDIES

(Peer-reviewed, Refereed, Indexed & Open Access Journal)

DOI : 03.2021-11278686

ISSN : 2582-8568

IMPACT FACTOR : 8.031 (SJIF 2025)

GST (Goods and Services Tax)'s effects on the Indian Marketplace

Dr. Nitin B. Thakre

Assistant Professor,
Department of Commerce,
M.B. Patel College of Arts, Commerce and Science,
Sadak Arjuni, Gondia (Maharashtra, India)
E-mail: nitin.thakre07@gmail.com

DOI No. **03.2021-11278686** DOI Link :: <https://doi-ds.org/doilink/07.2025-27288727/IRJHIS2507014>

Abstract:

One of the most significant changes to the nation's indirect tax structure is the Goods and Services Tax (GST). It integrates all state and federal indirect taxes into a single economy in a mixed macro economy tax system like India to create a seamless, strong, growing and prosperous national market. Since it is transparent and self-regulated, it will be easy to administer. In my view, it will be an important tool for the development of the country and to remove the loopholes in the current indirect tax structure. A large number of central and state indirect taxes will be combined to form a unified tax system and the cascading effect of double taxation will be greatly reduced.

Keywords: GST, Indirect Tax, Indian Market, Sector, and effects

A tax: what is it?

"A direct financial obligation imposed by the legislative authority on individuals or property owners, professionals, capital investors or any other unreported income to pay and make payments to the government is a tax." Tax is not a compulsory or voluntary payment or a donation or financial aid; rather it is a financial obligation imposed in compliance with a legal authority. In simple words, tax is the amount of money that people must pay to the government so that it can finance public services. Or in other words, just as the Indian Constitution gives certain fundamental rights to every citizen of India, similarly "tax" should be a mandatory obligation of every citizen towards this nation.

History:

The word tax is derived from the Latin word 'taxare' or 'taxo', which means to find out or know the price of something. Tax is a means used by the government to raise revenue for its services

and facilities. The government then uses the collected money for various welfare programs or services. GST is an indirect tax system of India which is levied by the government at various levels of production and distribution of goods, services and ideas offered to the citizens of the country. Taxes are paid from an individual's income from various sources, they are mandatory for public welfare, and they increase the government's revenue.

GST is a major change in the indirect tax system of India, which will eliminate the problems created by the complex system of indirect taxes. Prior to GST, India had multiple tax obligations across various sectors, which led to fluctuations in taxes and price rises. GST introduced a more manageable, transparent system, enabling the free flow of input tax credits. This historical context helps to understand the revolutionary changes introduced by GST, which transformed India's taxation structure into a more transparent and efficient system.

Sir James Wilson introduced the Indian Income Tax Act in 1860, which was a turning point in Indian taxation. The Act was aimed at compensating for the losses caused by the military revolt of 1857 and established four subsets of taxes on income from securities, trade, land and wages. In India the 1886 law was superseded by the 1918 Act, which brought about significant amendments. Over time, the Act became more complex due to amendments by several governments. The Tax Act of 1922 made by the British remained in force till 1961.

The Law Ministry was consulted before the Indian Income Tax Act of 1961 became operative. In April 1962, it became effective. The Act applies to all Indian citizens. Since 1962, the Union Budget has amended the Act several times every year. The bill becomes law after being approved by both the upper and lower houses of Parliament and the President. Currently five types of income are taken into account for taxation. These include salary, house property, capital gains, business profits and other sources. The Income Tax Act of 1961 consists of 298 sections, 23 chapters and 14 schedules.

Implementation of GST:

The introduction of Modified Value Added Tax (MODVAT) in 1985 marked the beginning of India's indirect tax structure. State-level preliminary talks on value added tax (VAT) were initiated by Prime Minister P. V. Narasimha Rao and Finance Minister Manmohan Singh. Led by West Bengal Finance Minister Asim Dasgupta, Prime Minister Atal Bihari Vajpayee advocated a single, uniform "Goods and Services Tax (GST)" model in 1999. A nationwide Goods and Services Tax (GST) was proposed by the Kelkar Task Force in 2004. On 1 April 2010, Mr. P. Chidambaram introduced GST in India in the Union Budget for the financial year 2006–2007. Since then, it has faced uncertainties and multiple deadlines. More than 150 countries have adopted GST in their indirect tax system due to its fair and open revenue collection. The Goods and Services Tax Act, a comprehensive, multi-stage, destination-based tax levied on all value addition, was passed by the

Indian Parliament in 2017. GST has replaced the earlier indirect tax acts in India which had an impact on the distribution flow of goods and services.

Aim for the Study:

The primary goal of this research paper is to find out the possible outcome of the impact of tax reforms after the implementation of GST in India on July 1, 2017. In particular, an attempt has also been made to examine the actual impact on public spaces where it frequently affects people. To determine key development priorities and constraints to reach consensus on key issues related to the Indian market.

Methodology of the Study:

The basis of this research paper was secondary data. The secondary data was collected from various sources including books, journals, magazines, government and non-government papers, articles, internet and more.

Need for GST in India:

The Indian tax system needs to be restructured in order to boost economic growth, decrease corruption, and boost productivity. Goods and Services Tax (GST) enhances value addition at all levels of consumption by fixing rates of goods, services and consideration services at the state and union levels. Furthermore, the country will become closer to a single national market as a result of GST. The existing tax system is complicated and perplexing, with hidden taxes for exports and no duties for imports. The Rajya Sabha introduced the GST Bill to address these issues and make things simpler, allowing consumers to comprehend their tax obligations.

The necessity of GST: -

1. With a basic tax structure in place, GST, consumers will only have to pay one tax, which is much easier to understand than the multiple taxes they currently have to pay. Businesses will save money and time by doing less paperwork as a result of reduced accounting complexity. The GDP will rise by roughly 2.5 percent as a result of GST.
2. GST eliminates indirect taxes, reducing taxes paid by consumers. Lower prices increase demand for products, leading to higher consumption and business benefits.
3. Entry tax collection at inspections of goods, truck stops and interstate checkpoints led to increased expenses and delays. Eliminating entry tax and applying a single state GST rate across all states would eliminate check stations, resulting in reduced travel time and savings.

The opposite aspect of GST:

Actually, there are many adverse issues with GST.

1. **Increased Taxes:** The Indian market faces challenges due to rising prices for materials like plastic and higher consumable input costs. Small manufacturers fall within one of five tax slabs, but under the former tax system, gasoline, alcoholic beverages, electricity, rough

precious stones, gold, and some products like expensive autos, aerated drinks, and tobacco products were charged separately. GST increases are accompanied by higher consumable input costs and may lead to additional charges.

2. **Need for reform in structure:** The rapid implementation of the Goods and Services Tax (GST) by the Government of India in July 2017 has resulted in a digital platform called GSTN that does not adhere to the necessary software or technology requirements. It is difficult for GST experts to implement a robust digital platform, and the stabilization of GSTN is essential for its success. Due to the increased effort and health risks, tax professionals are becoming concerned about the non-technology system used to generate GST numbers. Due to GSTN's inability to achieve the required standards, "lapses" have occurred.
3. **Time consuming process:** The new indirect tax regime requires filing taxes three times, increasing costs and workload. Small and medium-sized enterprises may need experts to handle up to 37 annual returns. Filing GSTR-2 and GSTR-3 correctly is time-consuming, and matching records with suppliers in GSTR-2A can be challenging.
4. **Complex process:** As payments are blocked at various stages of the value chain, making it difficult for manufacturers to avail input tax credit, GST issues are expected to increase working capital costs for businesses. GST must be paid at the time of delivery, but credit is granted only when all requirements are met. The definition of taxable service in the 1994 Finance Act also makes credit ineligible simply because advance payment has been made for goods or services.

Businesses may find it hard to get adjusted to the new tax regime, and some of them are running these tax systems parallels, resulting in confusion and compliance issues.

Conclusion:

The Goods and Services Tax (GST) was implemented by the Indian government in the hope of reducing indirect taxes and stimulating the economy. When it comes to implementing GST and overcoming initial hurdles, the government is taking inspiration from rich economies around the world. To make the implementation successful, different GST rates must be applied in each state, and IT software and training of tax staff are necessary. The biggest tax reform, GST, is beneficial for both businesses and the overall economy. Its effects on the average person are mixed, but improvements are expected.

References:

1. Goods and Services Tax in India - B. Viswanathan
2. Goods and Services Tax –Dr. H.C. Mehrotra, Prof. V.P. Agarwal
3. <https://www.thehindu.com/search/?q=gst&order=DESC&sort=publishdate>

4. <https://www.gst.gov.in/>
5. <https://services.gst.gov.in/services/gstlaw/gstlawlist>
6. <https://currentaffairs.adda247.com/goods-and-services-tax-day-2025/>
7. <https://www.ibef.org/research/india-study/goods-and-services-tax>
8. <https://gstes.com/case-studies/>
9. https://www.icaai.org/post.html?post_id=15077
10. https://www.academia.edu/35944035/The_GST_and_Economic_Growth
11. <https://fi.money/guides/personal-finance/the-impact-of-gst-on-the-indian-economy>
12. <https://fi.money/guides/personal-finance/the-impact-of-gst-on-the-indian-economy>
13. https://www.academia.edu/35966341/GST_IMPACT_ON_CAR_SHOWROOMS_WITH_REFERENCE_TO_COIMBATORE_CITY

