



IMPACT OF GOODS AND SERVICES TAX ON EMPLOYMENT

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KEYWORDS :

1.1 INTRODUCTION:

The introduction of the Goods and Services Tax (GST) is a very noteworthy step in the field of indirect tax reforms in India. By merging a large number of Central and State Taxes into a single tax. GST is expected to significantly ease double taxation and make taxation overall easy for the industries. For the end of customers, the most beneficial will be in terms of reduction in the overall tax burden on goods and services. Introduction of GST is also to make Indian products competitive in the domestic and international markets. The GST, because of its transparent character, is easier to administer. After implementation, the GST holds great promise in terms of sustaining growth for the Indian economy.

The Goods and Services tax came into effect from July 01, 2017 through the implementation of one hundred and first amendment by the government of India. The GST was launched at midnight on July 01, 2017 by the then president of India, Hon'ble Mr. P. Mukharjee and the Prime Minister Mr. Narendra Damodardas Modi. The launch was marked by midnight (30 June 2017) session of both the Houses of Parliament. But the members of the opposition by cotted the GST launch. Hence it has become imperative to discuss the merits and demerits of GST for the academic arena.

1.2 OBJECTIVES OF GST:

Main objective of GST is to eliminate the cascading impact of taxes on Production and distribution cost of goods and services and to creating a single, unified market that is benefited both corporate and the economy. The Goods and Service tax is one of the biggest fiscal reforms in India since Independence with the objective to streamline India's complicated indirect taxation. Changes is definitely never easy. While every small or large business entity is busy in complying with GST regime, HR professionals are also engaged in discussions to assess the effect of GST on their transactions with the employees under various categories. Here are some of the teething troubles which are taking its own time and shape while implementing this unified tax system.

1.3 GST And Indian Economy:

Reduce tax burden on producers and foster growth through more production. This double taxation prevents manufacturers from producing to their optimum capacity and retards growth. GST would take care of this problem by providing tax credit to the manufacturer. Various tax barriers such as check posts and toll plazas lead to a lot of wastage for perishable items being transported, a loss that translated into major costs as well. A single taxation system could eliminate this roadblock for them. A single taxation on producers would also translate into a lower final selling price for the consumer.

Also, there will be more transparency in the system as the customers would know exactly how much taxes they are being charged and on what base. GST would add to government revenues by widening the tax base.

GST provides credits for the taxes paid by producers earlier in the goods/services chain. 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 purview of taxation.

GST also removes the custom duties applicable on exports. Our competitiveness in foreign markets would increase on account of lower cost of transaction. The proposed GST regime, which will subsume most central and state-level taxes, is expected to have a single unified list of concessions/exemptions as against the current mammoth exemptions and concessions available across goods and services.

1.3 Advantage of GST:

"We are expecting an annualised growth to the tune of 10-13 per cent in formal employment creation on account of GST,"

Apart from the consumer who will have to shell out more for services although the price of goods will go down, the pinch on the shoe is also for the unorganised sector that makes up for the maximum chunk of employment in the country.

While the GST may have its advantages for the economy in creating a common market, consumer will have to pay more for services which accounts for 57 per cent of the GDP.

Another major advantage of the GST regime is that it will shift trade from the unorganised to the organised segment.

1.5 Impact of GST on Employment:

The implementation of GST will increase the employment in the formal sector such as automobiles, logistics, e-commerce and cement. E-commerce and logistics will create maximum employment due to more demand while the cement industry will create jobs opportunity due to high profitability rate. According to a study done by a staffing firm named Team Lease Services, the passage of GST bill will see growth in the job market and the single-tax system will play a vital role. The firm suggested that there will be 11-18 per cent of additional employment per year in the above-mentioned sectors.

GST (Goods and Service Tax), is a new tax regime for current taxation system of India. But the important issue is what impact will be done on Indian economy after GST became applicable in India? What is new in GST which will help to us for create a better Indian economy? What the impact will done on employment, inflation etc.? There are lots of question which are till not answered anywhere and here we can just hope for the better India after this biggest change in the taxation system.

In different studies, It is suppose that after applicable of GST in India the total GDP (Gross Domestic Production) will become increase by 1-3% and this will be became true only after a better implementation of GST act. In today scenario there are lots of loop holes in indirect tax laws. They will increase tax evasion and black money in India and in result of this inflation rate become high and the differences between the rich and poor day by day become increase.

Prime Minister Sri Narendra Modi called GST as the best

example of co-operative federalism and said that this reform will promote Make in India, help exports and thus boost employment while providing enhanced revenue. GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer.

- There are two components of GST Central GST(CGST) and State GST(SGST). Both will simultaneously levy GST across the value chain.
- Make In India Programme would also get a boost with improvement in case of doing business by doing away with multiplicity of taxes and their cascading impact.
- GST will enhance production possibilities, creating millions of employment opportunities for young population and pushing India's growth rate by at least 2 percentile.

1.6 CONCLUSION:

The introduction of Goods and Services Tax would be a very noteworthy step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, it would alleviate cascading or double taxation in a major way and pave the way for a common national market. From the consumer point of view, the biggest advantage would be in terms of reduction in the overall tax burden on goods and services. Introduction of GST would also make Indian products competitive in the domestic and international markets. Last but not the least, this tax, because of its transparent character, would be easier to administer. However, once implemented, the system holds great promise in terms of sustaining growth for the Indian economy.

Finally concluding with the statement of the then Finance Minister Late Sri Arun Jaitely that the country needs immediate implementation of the GST to its greater extent as it will create jobs in large scale specially in the sectors of logistic, e-commerce, automobile etc. Thus we can make a greater hope and wish for a bright future. GST will also help to build a transparent and corruption free tax administration, which will finally boost the rate of growth of the economy.

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