

# INNOVATIVE ENGLISH CLASSES

## ESSAY-1

### G.S.T (GOODS & SERVICE TAX) and Impact on Economic Development of India

**Introduction-** Amidst economic crisis across the globe, India has posed a beacon of hope with ambitious growth targets supported by some strategic undertakings like the Make in India and Digital India Campaigns. The Goods and Services Tax (GST) is another such undertaking.

**Objective:-** The objective of GST is to provide the much-needed stimulant for economic growth in India by transforming the existing base of Indirect taxation towards the free flow of goods and services. The G.S.T is expected to eliminate the cascading effect of taxes.

#### Benefits of GST to the Indian Economy

1. Removal of bundled indirect taxes such as VAT, SAD and excise.
2. Less tax compliance and a simplified tax policy compared to current tax structure.
3. Removal of tax on tax.
4. Reduction of manufacturing costs due to lower burden of taxes on the manufacturing sector. Hence, consumer goods will be likely to come down.
5. Lower the burden on the common man. In other words, the public will have to spend less money to buy some products that were costly earlier.
6. Increased demand and consumption of goods.
7. Increased demand will lead to increase supply. This will, in turn, lead to rise in the production of goods.
8. Control on black money circulation as the system normally followed by traders and shop keepers will be put to a mandatory check.
9. Boost to the Indian economy in the long run. The above benefits are possible only when the actual

benefit of GST is passed on the final consumer.

**The possible Impact of GST on Economic Development of India-**

- 1. GST will reduce tax burden on producers and faster growth through more production. The GST will provide tax credit to the manufacturers.
- 2. Different tax barriers such as check posts and toll plazas, lead to wastage of perishable goods being transported. Consequently, there is higher need of buffer stock and warehouses. A single taxation system will eliminate this road block.
- 3. There will be more transparency as the customers will know exactly how much **taxes** they are being charged and on what basis.
- 4. GST will add to the government revenues extending the tax base.
- 5. GST will provide credit for the taxes paid by producers in the goods or services chain. This would encourage the producers to buy raw material from different registered dealers. It would bring in more vendors and suppliers under the purview of taxation.
- 6. GST will remove the custom duties applicable in exports. The nation's competitiveness in foreign market will increase on account of lower costs of transaction.

**Conclusion:-** To conclude, the step of levying GST though a bit hard or harsh as far reaching benefits which the nation is reaping.

.....  
.....

