**Impact of GST on India's Trade- flourishing economy and trade in the country**

This year GST took India by surprise as almost every citizen is affected by its presence. After monetization, GST is another idea which got implemented to improve the Indian economy. Goods and Sales tax, which was implemented on 1st July has brought drastic change in Indian trade and has been appreciated as well as criticized in the country.

The arrival of this tax system arrived after the Indian government and tax authorities realized that the existing tax system has infinite inefficiencies which have brought down the progress of Indian trade. This is why a revised tax system was required that would balance the trade as well as cut down all inefficiencies.

GST came as a remedy for India’s trade and has helped to stabilize the disturbed economy. According to this, the share of state in the taxes derived from the interstate commerce does not go to the exporting state. Instead, the tax would go to the state which is home to ultimate consumer as this is not just convenient but useful for the Indian trade.

Haryana’s former finance minister and has distinct opinion regarding the effectiveness of GST. Even though numerous benefits support GST tax but the tax was imposed during the middle of this year. Changing policy instantly was a strange decision on part of the Indian government. The sudden change and implementation of the new tax policy surprised and annoyed the citizens, authorities and even the government officials.

The former minister may be unhappy but there are various authorities that found this tax system extremely useful. They are among those who think that GST would bring revolution just like monetization did last year.

**Merits of GST**

GST has been applied to balance many things which were disturbed in the past decades. The major aim of GST was to centralize the taxation policy for all businesses. This can help them in managing the finance and cash flow which further helps in maintaining operational efficiency of business.

* **Practical for businesses-** GST is charged on goods, service supply and this has become more convenient. Earlier the tax was charged on manufacturing of the goods but charging it on the supply seems more practical and useful. Various trade based businesses could gain tax input credit benefits and this significantly improves business by decreasing the operating expenses.
* **Better transactions-**Tax authorities faced many issues due to lack of proper tax application in different business. But after GST was imposed all those who own business had to take special care to ensure that the transactions in their business were authentic.
* **Helps business-**Transparency has to be maintained in every record which makes the business better in terms of tax application and records. They cannot have secrecy or hide any transaction and this is something which the tax department required from a long time. Also, the businessmen would find the GST beneficial as there would be no hidden taxation, thus making the work hundred times easier.
* **Demolishing cascading effect-**Unlike other countries in the world that are developed, India had a tax system which was based upon imposition of several taxes. But after the GST was applied previous taxes like central sales tax, license fees, octroi, turnover tax, and state sales tax are demolished. Apart from these, many other previously imposed taxes would not be charged after GST. Thus, removal of multiple taxes from India would mean that trade in the country is bound to flourish.
* **Scheme for small businesses-**Special optional scheme has been designed for small businesses so that their tax burden could be significantly decreased. Many businesses have found this Composition scheme extremely beneficial in context to growing challenges while calculation of the tax.
* **Trade development -**Indian businesses would grow and will become globally competitive after GST. Since many countries have adopted GST, it’s a proven fact that it would help India in developing faster. Just like Canada, India would also follow a dual GST system which is based on central goods and service tax, and state goods and service tax.

**Developing India**

Countries have developed at massive rates after the arrival of the GST. The Indian government has planned the imposition of the GST tax keeping n mind the far end results which are essential for the country.

Our nation is bound to develop as many countries which had GST leaped forward and managed to become efficient in trade. Canada was the first country that had GST implemented and has been one of the highest economy in the world.

Apart from this, Indonesia, Singapore, Vietnam, Bangladesh, and almost 160 countries in the world have the GST tax system. Their growth and development rate proves that the government’s decision to impose GST in India is totally worth it.

Exports will increase and more employment opportunities would be found by the citizens. Growth will be boosted as the burden of various taxes has been reduced from the tax system. Prices of various goods would be decreased and this means increase in consumption resulting in higher production and expansion of companies.

**Demerits of the GST system**

Just like any other thing, GST also has some negative points that made it a doubtful act on part of Indian government. Throughout the nation GST has been praised and criticized. Here are few drawbacks of the Goods and service tax system-

* **Impacting real estate**- economist in India criticized the GST system as they believe that real estate in India would face drastic negative effects. The cost of new homes and properties would be increased by almost 8%. This would reduce the demand for the housing properties by more than 12% which would reduce the growth of real estate businesses.
* **No major reduction**- various experts say that no major tax layers are removed as the dual GST tax is only a revised name for the previously practiced VAT, CST etc.
* **Costlier items**- the GST have increased the price of many things including garments and this has annoyed various buyers all over nation.
* **Affect on various industries**- not just the real estate but various industries in India would suffer for initial stages of the imposition of the GST. The Aviation industry is one of the prominent examples for this as airfare charges would get increased by almost fifteen percent which were earlier 6 to 9 percent.
* **Online calculation**- the GST requires the people to use online systems or software. This is one of the major demerits since there are various people who do not have knowledge of operating such systems. This affects the business as they have to rely on other professionals to complete the task and maintain the records.
* The control of tax would be done by the state and central government and this is going to cause complications for every business.
* The GST is online based system and this can be extremely difficult in our country where large population does not know how to operate the computer systems.
* Even after the application of the revised GST system, there are three taxes remaining under this and this would make things tough for the small businessmen that have less production or manufacturing capacity.
* Even though it was said that GST would make the tax system simpler and easy, this did not happen exactly.
* The imposition of GST means that CGST, SGST and IGST would have to be applied. This will have more confusion and will make the process more complicated rather than simplifying it for people.

No matter how many negative points are stated against the GST, it still has various benefits which would make it useful for the Indian trade and economy. The indirect taxes will get subsumed and this would mean lesser complicated tax calculations for the Indian citizens.

**Solving GST issues-**

The GST could be imposed successfully only when the citizens are able to adapt to it. The government must take it as a serious to duty to help the citizens realize the positive impacts GST would give them individually as well as collectively to the country.

Major drawback is the complicatedness of the GST and this can be solved easily by making people aware about calculations, procedures and software’s for the tax calculation. Easier the concepts, the simpler the calculation of tax system. Since most people already know the calculations of the previous tax system, they will not face much issue in learning the new techniques under GST.

The professionals must be hired by government authorities so that campaigns and classes could be conducted and the people could easily understand at least the basic of this new tax system if not the entire method.

The industries which can be affected negatively by the GST like real estate, aviation etc must be given certain help that could help them in maintaining the profitability while still following the GST under the Indian tax system. People were unable to cope with burden of several taxes which were imposed in India and this problem has been solved by the Goods & service taxation.

The imposition of the tax suddenly during the middle of the year has annoyed every citizen to certain extent. But the future results of this Tax implementation are going o be beneficial for every single person residing in the country.

Trade of India would get better since the export would be increased due to more production. The settlement of various open ends of tax system has happened because of the arrival of GST. Major issues that were their under the earlier tax system have now been decreased to a great level.

Companies have also seen the benefit of the GST in a very short time span of a month since the tax got imposed. The tax authorities also find that the disturbing practices under the calculation would be curbed down to a limit that was a far- fetched dream until now.

The tax calculation seemed highly difficult but after sometime the initial troubles would get subdued and the people would be easily adapted to this new and improved tax system of India.

**Complexities of the system**

The system surely gives solutions to several problems in India but even after that many people are still not satisfied with the arrival of this system. The dual GST seems difficult in practical application as it has IGST, CGST and even the state GST.

There is one problem in the GST segment and that is the illiterate people could not understand the working on the online GST system. Most people are dependent on professionals for precise calculation of tax, this tax calculation is time consuming and people have to spend major time in understanding even the basic concept.

Calculating these three seems like the earlier tax system is still in existence. The indirect taxes have been abolished but the practices of the new system seem similar to earlier tax system. The initial stages of the tax application would be difficult for everybody including companies, tax authorities and citizens.

But after sometime the people would feel that the tax system is suitable for them. Just like several countries have seen growth in their business, India would prosper at faster pace under the implementation of the GST system.

**Revolutionary changes**

The GST system in India was introduced to make the change and this is the segment which would bring great growth in economy and trade. Most people do not understand the actual working of the GST but in few months they will realize its positive impact. The price of many goods has decreased resulting in better demand and better production. GST is the efficient neutralization of tax, that’s why our export will be more compatible internationally.

**Effective for Indian Economy**

The main concept is creation of the common national market. This factor will also increase the investment and exports in India, GST will also generate employments at a good rate. This plan will definitely strengthen sense of the nationhood and will cut down various monetary problems.