

**Critical Reviews and
Analysis of Goods &
Services since
Implementation in Indian
Economy.**

A
Project Report On
Critical Review and Analysis of Goods & Services since Implementation In India.

For
Name of the Organization

Submitted By
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Under the Guidance of,
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Submitted To
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Company Certificate.

To whom-so-ever it may concern

This is to certify that _____ has completed her Project work on the topic **Critical Reviews and Analysis of Goods & Services since Implementation in Indian Economy,** during the period from ___ to ___.

She has been sincere, hardworking and punctual in her work. We wish her success in her future endeavors.

Authorized signatory.

Designation

Company Seal.

Declaration

I **Bhavana Agarwal**, of MBA-2 : Seat No_____ hereby declare that the Project work titled **Critical Reviews And Analysis of Goods & Services since Implementation in Indian Economy** , which has been submitted to University of Pune, is an original work of the undersigned and has not been reproduced from any other source. I further declare that the material obtained from other sources has been duly acknowledged in the report.

Date:

Signature

Place:

Name:

Acknowledgements.

I take this opportunity as privilege to express my deep sense to Prof. Girish Bodhankar for his continuous encouragement and an invaluable guidance and help for completing the present research work. He has been a source of inspiration to me and I am indebted to him for initiating me in the field of research.

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Thanking all,

Place:

Signature:

Date:

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1. Executive Summary.



What Is Goods And Services Tax (GST)?

- A Goods and Services Tax (GST) is an indirect tax which is applicable on domestic consumption. It is a multi-stage tax which the tax burden is intended to fall on final customers. GST is modified version of VAT.
- GST is bifurcated differently for intrastate as IGST 18% (by default) ,For Center as CGST ,2.5%,6%,9%,14, For State as SGST 2.5%, 6%,9%,14%.
- According to the consumption of the product the rates have been given HSN codes by which they can be classified in the following tax rates.
- Certain Items have been exempted from the GST like Dairy products and Stationery, etc. due to their perishable nature and education needs for developing countries.
- Under GST, Registered tax dealer needs to upload the data of the output of his turnover to the GST portal as he charges GST on his Sales and at the same time need to show the Inputs also as to offset his input tax with the Output and whatever difference is their needs to be paid by the dealer to the government in the form of CGST and SGST.
- Till date more than 140 countries have implemented GST with some countries having Dual- GST.
- Countries having dual GST model are Brazil, Canada, India (India has taken Canadian model of Dual GST).
- Most of the countries have taken the single GST rate model.
- Typically standard GST rate ranges from 10% -20% in most countries.

- The current GST has cascading effect and have in graded effect on disjointed goods and services taxes (GST).
- It has led to uniformity in tax rates and procedures throughout the country which has increased the centre and state revenue till date.
- Certain petroleum products, crude oil, natural gas ,Aviation turbine fuel (ATF) are kept out of purview of GST and given revenue dependence of the central and state governments on this sector.
- GST is a path breaking indirect tax reform which will create a common national market by dismantling various interstate trade barriers. GST has subsumed multiple indirect taxes like excise duty ,service tax ,VAT, CST, luxury tax, entertainment tax, entry tax, etc.
- GST was introduced and commenced from 1st July 2017, since then it is in continuous amendments till date.



2. Introduction.

First and foremost, GST wouldn't have been in a greater time. As we enter the world economy that is going increasingly protectionist in nature, world business can grow increasingly challenging. Luckily, India's large, relatively young, and diverse population thinks that higher national demands alone will help us sustain higher growth in economy for the next 10 years or so. This is precisely where GST can improve. The simple, consistent tax plan would make it easier for corporations to transfer goods and services across the nation. This would in turn boost national demand. Higher availability of variety of goods to more places and the avoidance of large tax can decrease costs for the consumers in the longer run.

Another benefit of this GST is that it can prevent tax evasion, provided that the organisation intended to manage the new method GSTN does a better job.

Transformation in information & Technology systems for tax purposes have made great outcomes for India in the time. Before the beginning of tax data system (TIN) at 2004-05, some co-operations were deducting TDS from workers' income but they didn't credited that to Government. But with the aid of data collected via TIN, the evasion turned into difficulty, leading to dramatic increase in the taxes collected by the government. Commencing of GST should also give the same effect on evaders.

A single tax will also bring down the cost of compliance for businesses of all kinds.

Earlier they needed to pay number of taxes –some needed to be paid to state and local governments.

After GST plethora of taxes have rolled up into one tax amount across the country.

The Union minister Shri. P. Chidambaram, while presenting central budget (2007-08), announced that GST would be introduced from April 1st 2010. Since then, GST missed several deadlines and continued to be shrouded by the clouds of uncertainty.

The talks of ushering GST took momentum in 2014 when the NDA government tabled the constitution (122nd Amendment) Bill, 2014 on GST in Parliament on 19th December, 2014. The Lok Sabha passed the Bill on 6th May 2015 and Rajya Sabha on 3rd August, 2016. Subsequent to ratification of the bill by more than 50% of the states, Constitution (122nd Amendment), 2014 received the assent of the President on 8th September 2016 and became Constitution (101st Amendment) Act, 2016 which paved the way for Introduction of GST in India.

On 27th March 2017, the central GST legislations –Central Goods and Services Tax Bill 2017, Integrated Goods and Services Bill, 2017 Union Territory Goods and services

Tax Bill 2017 and Goods and services tax (Compensation to states) Bill, 2017 were introduced in Lok Sabha.

Lok Sabha passed this bills on 27th March 2017 and with the receipt of the Presidents Assent on 12th April 2017, the bills were enacted. The enactment of the central Acts is being followed by the enactment of the state GST laws by various State Legislatures. Telangana, Rajasthan, Chhattisgarh, Punjab, Goa, and Bihar are among the first states to pass their respective State GST laws.

Government was endeavouring to roll out GST by 1st July, 2017 by achieving consensus on all the issues relating thereto. The deadline is 1st July for implementing GST across India.

GST is a path breaking indirect tax, reform which will create a common national Market by dismantling inter-state trade barriers. GST has subsumed multiple indirect taxes like excise duty, service tax, VAT, CST, Luxury tax, entertainment Tax, etc.

France was the first country to implement GST in the year 1954. Within 62 years of its advent, about 160 Countries across the world have adopted GST because this tax has the capacity to raise the revenue in the most transparent and neutral manner.

GST is basically value added tax levied on manufacturer, sale and consumption of goods and services.

GST offers comprehensive and continuous chain of tax credits from the producer's point/service providers point up to the retailer level/consumers level thereby taxing only the value added at each stage of supply chain.

The supplier at each stage is permitted to avail credit of GST paid on the purchase of goods and/or services and can set off this credit against the GST payable on the supply of goods and services to be made by him. Thus only the final consumer bears the GST charged by the supplier in the supply Chain, with set off benefits at all previous stages.



3. Objectives :

The Goods and services tax which is implemented from 1st July 2017 is proposed to be an unified tax for the entire nation. The intended Objective of GST 2017 is to replace a lot of other indirect and direct taxes like VAT, Service tax, Luxury tax, Entertainment tax, etc.. GST aims at being more comprehensive with most of the goods and services included in the GST bill but alcohol and petrol are exempted. GST rate is proposed to be 27% which is far higher than the global standard of 16.4% for similar taxes.

GST Objectives:

- ✚ Ensuring the cascading effect of tax on tax will be eliminated.
- ✚ Ensuring the availability of input credit across the value chain.
- ✚ Reducing tax complications in tax administrations and compliances.
- ✚ Decreasing unhealthy competition among state revenues due to tax.
- ✚ Reducing tax slab rates classifications.
- ✚ One Country, One tax.

With all of this being very significant objectives, it is still facing a lot of issues:

Some of them are:

- ✚ No clear mechanisms to control tax evasion.
- ✚ Unclear estimate of the exact impact of GST.
- ✚ In some cases, double registration process might annoy people.
- ✚ Lack of trained staff and portal issues.

Explanatory Notes:

➤ Product Perspective

- User Interface: The application has user friendly interface.
- Following Screen is provided to login with username and password and a captcha.
- Portal Address: <https://www.gst.gov.in/>

➤ Hardware Interface:

- Processor: Dual Core or Higher.
- Ram: 512MB or Higher
- Other Peripheral Devices: CD-Drive, QWERTY Layout Keyboard.

➤ Software Interface:

- Operating System : Window XP, Vista 7,8,8.1 and higher
- Platform: JAVA
- Database: SQL Server
- Language: Core Java (Notepad++)

➤ Communication Interface:

- The communication between different parts of the system is important and depends on each other.

4. Scope of the study:

To know the impact of GST on small and large business, Consumers and middle man.

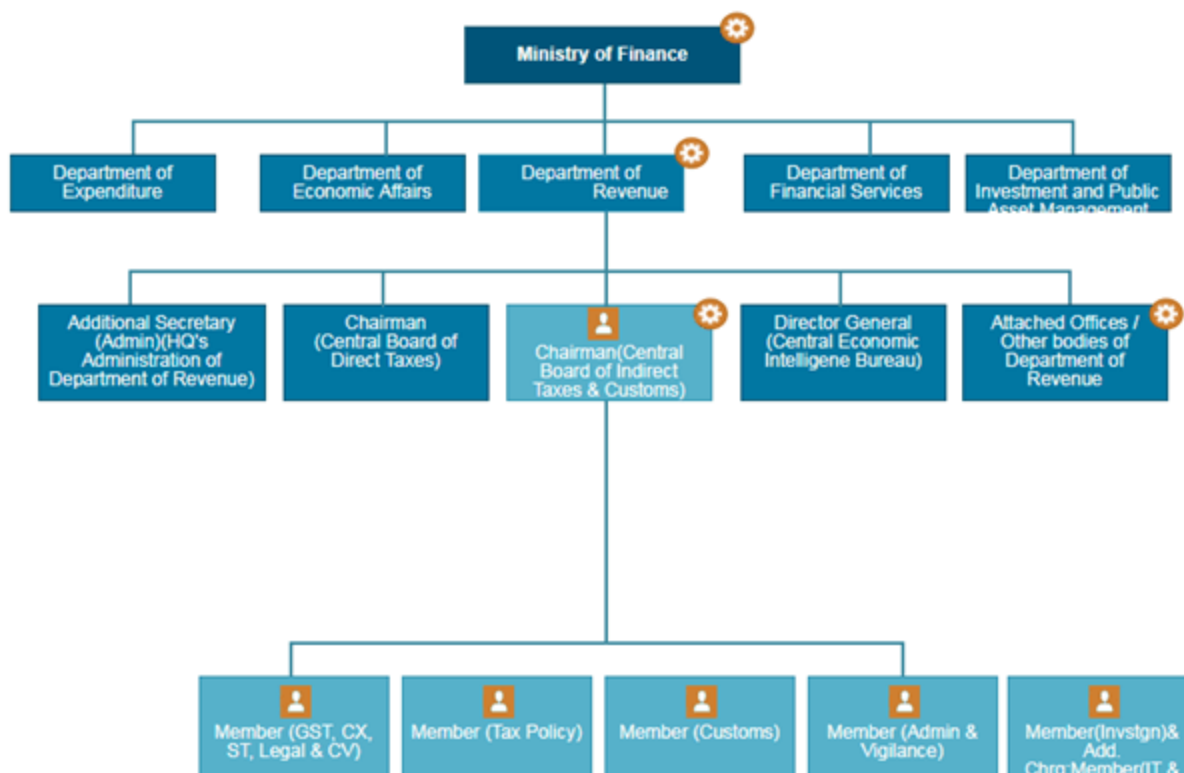
To know GST revenue growth / decline rate from 1st July 2017 to till date.



5. Company Profile:

Central Board of Indirect Taxes and Customs (erstwhile Central Board of Excise & Customs) is a part of Department of Revenue under the Ministry of Finance, Government of India. It deals with the tasks of formulation of policy concerning levy and collection of customs, Central Excise Duties, Central Goods & service Tax and IGST, Prevention of smuggling and administration of matters relating to customs, central excise, Central Goods & Services Tax, IGST and Narcotics to the extent under CBIC's purview. The board is the administrative authority for its subordinate organizations, including custom houses, Central Excise and Central GST commissionerates and Central Revenues Control Laboratory.

Members of CBIC:



GST Council is the governing body of GST having 33 members, out of which 2 members are of centre and 31 members are from 28 state and 3 Union territories with legislation. The council contains the following members (a) Union Finance Minister (as chairperson) (b) Union Minister of States in charge of revenue or finance (as member) (c) the ministers of states in charge of finance or taxation or other ministers as nominated by each states government (as member). GST Council is an apex member committee to modify, reconcile or to procure any law or regulation based on the context of goods and services tax in India. The council is headed by the union finance minister [Nirmala Sitharaman](#) assisted with the [finance minister](#) of all the states of India. The GST council is responsible for any revision or enactment of rule or any rate changes of the goods and services in India.

Vision:

Partnering in India's socio-economic growth by formulating and implementing progressive indirect tax policies adopting stakeholder-centric approach and protecting the frontiers.

Mission:

A robust indirect tax and border control administration, with a view towards delivery of services, which is

- Simple and predictable
- Fair and just
- Transparent
- Technology-driven

and which –

- Encourages trust – based voluntary compliance
- Protects honest taxpayers' rights
- Facilitates trade with risk-based enforcement
- Enables legitimate movement of people, goods and services.
- Supplement the efforts to ensure national security, and;
- Continually invests in capacity building to achieve professional and ethical excellence.

Our Motto:

“Desh Sevarth Kar Sanchay” Tax collection in Service of the Nation

Core Values:

- Integrity and judiciousness
- Impartiality and Fairness
- Courtesy and Understanding
- Objectivity and Transparency
- Uprightness and Conscientiousness
- Promptness and Efficiency

Our Expectations:

We expect citizens to:

- Uphold and respect the laws of the land
- Voluntarily discharge all tax liabilities
- Fulfill their duties and legal obligations in time
- Be honest in furnishing information
- Be co-operative and forthright in inquiries and verifications
- Avoid unnecessary litigation.

OUR COMMITMENT:

We shall strive to:

- To encourage voluntary compliance
- To educate citizens about indirect tax laws
- To continuously enhance service delivery standards
- To promote a consultative and collaborative environment
- To provide information and other assistance at the GST Seva Kendras/Facilitation Counters as also on the website www.cbic.gov.in

- To effectively combat corruption as part of the comprehensive national mission for promotion of integrity

Grievance Redressal:

- We will acknowledge grievances within 48 hours of receipt and attempt to provide final reply within 30 days of their receipt.
- In case the grievance is not responded to within the prescribed time norms or the remedy offered is not satisfactory, an appeal can be filed with the next higher authority. The appeal will be decided within 15 days of the receipt.
- Common grievances can be taken up in Open House meetings of Public Grievance Committee, Customs Clearance Facilitation Committee, Permanent Trade Facilitation Committee, Regional Advisory Committee.
- The grievance redressal mechanism including contact details of public grievance officers are available on the website www.cbic.gov.in

6. **Research Methodology:**

As GST is tax which is governed is department of CBIC, so No primary data is been collected, the database is the CBIC portal and from Google Wikipedia which will be secondary data collection method.

a. **Statement of Problem:**

Challenges faced by common man for GST registration and to understand the concept of GST.

Revenue deficit reported in GST collection in last few years.

b. **Hypothesis:**

The data analysis will give an idea about why the GST revenue is being declining in revenue collection.

Why many of businesses yet think that GST is not proper taxation method for India.

c. **Research Design:**

Secondary data collection via Google, CBIC portal, Taxman's Publication book.

d. **Limitations of Project:**

Data collection done from secondary method so no individual data, the data is taken randomly and so the average benefits and disadvantages can only be known.

7. Data Analysis and Interpretation:

Before GST came into force, referred from CBIC site, Constitution of India provides and explains the Article 265, that no tax shall be levied or collected except by authority of law. Parliament has the authority to design the laws in the given aspects of the Union List (List I of the seventh Schedule) and the State Government has the exclusive Jurisdiction to legislate on the matters containing in State List (List II of the seventh Schedule). In respect of matters contained in concurrent List (List III of Seventh Schedule), both the Central Government and State Governments have concurrent powers to Legislate.

The important sources of indirect tax revenue for the union were customs duty (entry 83 of Union List), Central Excise Duty (entry 84 of Union List), and Service Tax (entry 97 of the Union List). Although entry 92C was inserted in the Union List of the Seventh Schedule of the constitution by the constitution (Eighty-Eight Amendment) Act, 2003 for levy of taxes on services, it was not notified. So tax on Services were continued to be levied under the residual entry, i.e entry 97, of the Union List till GST came into force.

International Perspectives on GST/VAT:

As GST is related to goods and services so VAT can also be used interchangeably. France was the first country to implement VAT, in 1954. Presently 160 have implemented GST /VAT in some form or the other. VAT is most popular form among other taxes as the paid input taxes are been adjusted in the liability at the time of output.

The term GST varies in each country according to the consumption of services like, 'definition of supply', 'extent of coverage of goods and services', 'treatment of exemptions and zero ratings'. In broader terms it has only one principle, that is, it is destination based consumption tax.

VAT is considered to be superior than sales tax of taxing consumption because of the former is neutral in allocation of resources as it taxes value addition. Some distinct advantages of VAT are it has less cascading effect making taxation system transparent and anti-inflationary, also VAT leads to greater compliance because of creation of transactional trails.

Globally if we see VAT structures are either centralized where tax is levied and administered by the Central Government in countries like Germany, Switzerland, Austria, or dual GST structure where both Central Government and State Government Levy and administer the tax independently, Canada is following this dual GST form of tax. India also has taken the same dual system of GST tax, same as the Canadian. Countries like Brazil and Russia have some coordination between national and sub-national entities. While a centralized structure reduces fiscal autonomy for the States, a decentralized structure enhances compliance burden for the taxpayers.

Canada is a federal country with unique model of taxation in which certain provinces have joined federal GST and others have not. Provinces which administer their taxes separately are called 'nonparticipating provinces', whereas provinces which have teamed up with the Federal Government for tax administration are called 'participating provinces'.

GST rates vary across the countries. Hungary has highest of 27%, whereas Malaysia has a very low rate of 6% (Malaysia had scrapped GST in 2018 due to its high surge against it). 10% GST charge is levied by Australia, EU is around 19.5%. India and Canada has multiple slab rates.

GST need in India:

Introduction of CENVAT had major removal of the cascading effects of credit for all inputs, later it also allowed the credit of services and the basket of inputs, capital good and input services which could be used against the payment of both central excise duty and service tax. In the same terms, introduction of VAT also in the states had removed the cascading effect by giving set-off for tax paid on inputs as well as tax paid on previous purchases it also has been an improvement over the previous sales tax regime.

Both CENVAT and VAT have certain incompleteness. CENVAT and VAT has not yet been extended to include chain of value addition in the distributive trade below the stage of production.

CST was another source of distortion in terms of its cascading nature. It was also against one of the basic principles of consumption taxes that tax should accrue to the jurisdiction where consumption takes place. Despite remarkable harmonization in VAT regimes under the auspices of the EC, the national market was fragmented with too many obstacles in free movement of goods necessitated by procedural requirement under VAT and CST.

According to Constitutional Scheme, Central Government has the taxation powers on goods but it was limited up to the stage of manufacture and production, while State has to tax sale and purchase of goods. Central Government has power to tax services at the same time State Government also had power to tax certain services specified in clause (29A) of Article 366 of the constitution. So a grey zone was created due to the division of powers which led to Legal disputes. Classification of Goods and Services is complicated in this modern system of production, as a product is normally a mixture of both goods and services.

Thus, India moved towards value added taxation at both Central and State Level in the year 2005. Integration of Central VAT and State VAT therefore is inevitable consequence of the reform process. The Constitution of India envisages a federal nature of power bestowed upon both Union and States in the Constitution itself. As a result, any unification of the taxation system required a dual GST, levied and collected both by the Union and the States.

History about GST:

The Kelkar Task Force on Fiscal Responsibility and Budget Management (FRBM) recommended in 2005 introduction of a comprehensive tax on all goods and service replacing Central level VAT and State level VATs. It recommended replacing all indirect taxes except the customs duty with value added tax on all goods and services with complete set off in all stages of making of a product (reference taken from Wikipedia).

In the year 2000, the then Prime Minister introduced the concept of GST and set up a committee to design a GST model for the country. In 2003, the Central Government formed a taskforce on Fiscal Responsibility and Budget Management, which in 2004 recommended GST to replace the existing tax regime by introducing a comprehensive tax on all goods and services replacing Central level VAT and State level VATs. It recommended replacing all indirect taxes except the customs duty with value added tax on all goods and services with complete set off in all stages of the value chain. An announcement was made by the then Union Finance Minister in Budget (2006-07) to the effect that GST would be introduced with effect from April 1, 2010 and that the EC, on his request, would work with the Central Government to prepare a road map for introduction of GST in India. After this announcement, the EC decided to set up a Joint Working Group in May 10, 2007, with the then Adviser to the Union Finance Minister and Member-Secretary of the Empowered Committee as its Co-conveners and four Joint Secretaries of the Department of Revenue of Union Finance Ministry and all Finance Secretaries of the States as its members. This Joint Working Group got itself divided into three Sub-Groups and had several rounds of internal discussions as well as interaction with experts and representatives of Chambers of Commerce & Industry. On the basis of these discussions and interaction, the Sub-Groups submitted their reports which were then integrated and consolidated into the report of Joint Working Group (November 19, 2007).

This report was discussed in detail in the meeting of the EC on November 28, 2007, and the States were also requested to communicate their observations on the report in writing. On the basis of these discussions in the EC and the written observations, certain modifications were considered necessary and were discussed with the Co-conveners and the representatives of the Department of Revenue of Union Finance Ministry. With the modifications duly made, a final version of the views of EC on the model and road map for the GST was prepared (April 30, 2008). These views of EC were then sent to the Government of India, and the comments of Government of India were received on December 12, 2008. These comments were duly considered by the EC (December 16, 2008), and it was decided that a Committee of Principal Secretaries/Secretaries of Finance/Taxation and Commissioners of Trade Taxes of the States would be set up to consider these comments, and submit their views. These views were submitted and were accepted in principle by the EC (January 21, 2009). Based on discussions

within the EC and between the EC and the Central Government, the EC released its First Discussion Paper (FDP) on GST in November, 2009. This spelled out the features of the proposed GST and has formed the basis for discussion between the Centre and the States.

Challenges faced while designing GST:

After the discussion many issues needed to be addressed between the Central and State government. Some challenging issues are given below:-

Origin based /Destination based taxation –

GST is destination based consumption tax. Destination based taxation means, tax accrues to the destination place where consumption of goods or services takes place. VAT had origin based tax where the Central tax was assigned to State of origin where sale of production took place.

Many manufacturing States expressed concerns over the loss of revenue on account of shift from origin based taxation to destination based taxation.

Compensation and Rate structure-

As GST had been implemented there was an uncertainty about the gains in revenue. To give accurate estimation, many attempts were made but it still remains an estimate only. It was difficult to estimate accurately as to how much the States will gain from tax on services and how much they will lose on account of removal of cascading effect and phasing out of CST. In view of this, States asked for compensation during the first five years of implementation of GST.

A Committee headed by the Chief Economic Adviser Dr. Arvind Subramanian on possible tax rates under GST suggested RNR (Revenue Neutral Rate). The term RNR refers to that single rate, which preserves revenue at desired (current) levels. This would differ from the standard rate, which is the rate that would apply to a majority of goods and services. In practice, there will be a structure of rates, but for the sake of analytical clarity and precision it is appropriate to think of the RNR as a single rate. It is a given single rate that gets converted into a whole rate structure, depending on policy choices about exemptions, what commodities to charge at a lower rate and what to charge at a very high rate.

The Committee recommended RNR of 15-15.5% (to be levied by the Centre and States combined). The lower rates (to be applied to certain goods consumed by the poor) should be 12%. Further, the sin or demerit rates (to be applied on luxury cars, aerated beverages, pan masala, and tobacco) should be 40%.

Dispute Settlement-

A harmonized system of taxation necessarily required that all stakeholders stick to the decisions taken by the supreme body, which was later constituted as the Goods and Services Tax Council (the Council). However, the possibility of departure from the recommendations of such body cannot be completely ruled out. Any departure would definitely affect other stakeholders and in

such circumstances there must be a statutory body to which affected parties may approach for dispute resolution. The nature of such dispute resolution body was a bone of contention. Under the Constitution (115th) Bill, 2011, a Goods and Services Tax Dispute Settlement Authority was to be constituted for this purpose. This body was judicial in nature. The proposed constitution of this Authority was challenged because its powers would override the supremacy of the Parliament and the State Legislatures. The Constitution (122nd Amendment) Bill, 2014 departed from the previous GST amendment bill and proposed that the Goods and Services Tax Council may decide about the modalities to resolve disputes arising out of its recommendations.

Alcohol and Petroleum Products-

Alcoholic liquor for human consumption and petroleum products are major contributor to revenue of States. As States were uncertain about impact of GST on their finances and moreover loss of autonomy in collection of tax revenue, States unanimously argued for exclusion of these products from the ambit of GST. In the 115th Amendment Bill alcoholic liquor for human consumption and five petroleum products namely crude petroleum, high speed diesel, motor spirit or petrol, aviation turbine fuel and natural gas were kept out of GST. But in the 122nd Amendment Bill, only alcoholic liquor for human consumption was kept outside GST and above mentioned five petroleum products were proposed to be brought under GST from a date to be recommended by the Council. The Central Government has also retained its power to tax tobacco and tobacco products, though these are also under GST. Thus, to ensure smooth transition and provide fiscal buffer to States, it was agreed to keep alcohol completely out of the ambit of GST.

CONSTITUTIONAL AMENDMENT:-

As explained, unification of Central VAT and State VAT was possible in form of a dual levy under the constitutional scheme. Power of taxation is assigned to either Union or States subject-wise under Schedule VII of the Constitution. While the Centre is empowered to tax goods up to the production or manufacturing stage, the States have the power to tax goods at distribution stage. The Union can tax services using residuary powers but States could not. Under a unified Goods and Services Tax scheme, both should have power to tax the complete supply chain from production to distribution, and both goods and services. The scheme of the Constitution did not provide for any concurrent taxing powers to the Union as well as the States and for the purpose of introducing goods and services tax amendment of the Constitution conferring simultaneous power on Parliament as well as the State Legislatures to make laws for levying goods and services tax on every transaction of supply of goods or services was necessary.

The Constitution (115th Amendment) Bill, 2011, in relation to the introduction of GST, was introduced in the Lok Sabha on 11th March, 2011. The Bill was referred to the Standing

Committee on Finance on 29th March, 2011. The Standing Committee submitted its report on the Bill in August, 2013. However, the Bill, which was pending in the Lok Sabha, lapsed with the dissolution of the 15th Lok Sabha.

The Constitution (122nd Amendment) Bill, 2014 was introduced in the 16th Lok Sabha on 19th December, 2014. The Constitution Amendment Bill was passed by the Lok Sabha in May, 2015. The Bill was referred to the Select Committee of Rajya Sabha on 12th May, 2015. The Select Committee submitted its Report on the Bill on 22nd July, 2015. The Bill with certain amendments was finally passed in the Rajya Sabha and thereafter by Lok Sabha in August, 2016. Further the bill was ratified by required number of States and received assent of the President on 8 th September, 2016 and has since been enacted as Constitution (101st Amendment) Act, 2016 w.e.f. 16th September, 2016.

The important changes introduced in the Constitution by the 101st Amendment Act are the following:

- Insertion of new article 246A which makes enabling provisions for the Union and States with respect to the GST legislation.
- It further specifies that Parliament has exclusive power to make laws with respect to GST on Inter-State supplies.
- Article 268A of the Constitution has been omitted. The said article empowered the Government of India to levy taxes on services. As tax on services has been brought under GST, such a provision was no longer required.
- Article 269A has been inserted which provides for goods and services tax on supplies in the course of inter-State trade or commerce which shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.
- It also provides that Parliament may, by law, formulate the principles for determining the place of supply, and when a supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.
- Article 270 has been amended to provide for distribution of goods and services tax collected by the Union between the Union and the States.
- Article 271 has been amended which restricts power of the Parliament to levy surcharge under GST. In effect, surcharge cannot be imposed on goods and services which are subject to tax under Article 246A.
- Article 279A has been inserted to provide for the constitution and mandate of GST Council.

- Article 366 has been amended to exclude alcoholic liquor for human consumption from the ambit of GST, and services have been defined.
- Article 368 has been amended to provide for a special procedure which requires the ratification of the Bill by the legislatures of not less than one half of the States in addition to the method of voting provided for amendment of the Constitution.
- Any modification in GST Council shall also require the ratification by the legislatures of one half of the States.
- Parliament shall, by law, on the recommendation of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the goods and services tax for five years.
- In case of petroleum and petroleum products, it has been provided that these goods shall not be subject to the levy of Goods and Services Tax till a date notified on the recommendation of the Goods and Services Tax Council.

GOODS & SERVICE TAX COUNCIL:-

According to the Article 279A of the Constitution, the Goods and Services Tax Council (the Council) was notified with effect from 12th September, 2016. The Council is comprised of the Union Finance Minister (who will be the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers as members. It shall make recommendations to the Union and the States on the following issues:

- The taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed under GST.
- The goods and services that may be subjected to or exempted from the GST.
- Model GST laws, principles of levy, apportionment of IGST and the principles that govern the place of supply;
- The threshold limit of turnover below which the goods and services may be exempted from GST.
- The rates including floor rates with bands of GST.
- Any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster.
- Special provision with respect to the North- East States, J&K, Himachal Pradesh and Uttarakhand and any other matter relating to the GST, as the Council may decide.

One half of the total number of Members of the Goods and Services Tax Council shall constitute the quorum at its meetings. The Goods and Services Tax Council shall determine the procedure in the performance of its functions.

Every decision of the Goods and Services Tax Council shall be taken at a meeting, by a majority of not less than three-fourths of the weighted votes of the members present and voting, in accordance with the following principles,

- The vote of the Central Government shall have a weightage of one-third of the total votes cast.
- The votes of all the State Governments taken together shall have a weightage of two-thirds of the total votes cast, in that meeting.

The Council has met for 34 times and no occasion has arisen so far that required voting to decide any matter.

Council Meetings:

1st Council meeting had taken place on 22nd & 23rd September, 2016 in New Delhi .

The main objective was as follows:-

AGENDA NOTE NO. 1:

Clause (8) of Article 279A of the Constitution provides as follows:

“(8) The Goods and Services Tax Council shall determine the procedure in the performance of its functions.”

Accordingly, the following Draft Rules of Procedures and Conduct of Business in GST Council are placed before GST Council for consideration:

2nd Council meeting had taken place on 30th September, 2016 in New Delhi.

3. Five agenda points were taken up for meeting which are as follows:

- (i) Draft Rules of Procedures and Conduct of Business in Council
- (ii) Proposed timetable for the implementation of GST
- (iii) Thresholds for exemption and composition under GST
- (iv) Draft Modalities for GST Compensation and draft Compensation Law
- (v) Provisions for Cross-Empowerment to ensure Single Interface Under GST

3rd Council meeting had taken place on 18th & 19th October, 2016 in New Delhi.

3. The following three agenda items were taken up for consideration:

- (i) Approval of the Draft Minutes of the 1st GST Council Meeting along with the Draft Rules for Conduct of Business
 - a. Draft Minutes of the 1st GST Council Meeting
 - b. Draft Rules of Procedures and Conduct of Business in the GST Council
- (ii) Draft GST Rules on Registration, Payment, Return, Refund and Invoice, Debit/Credit Notes
- (iii) Treatment of the existing tax incentive schemes of the Central and State Governments

4th Council meeting had taken place on 3rd & 4th November, 2016 in New Delhi.

3. The following seven agenda points were taken up for consideration:

- (i) Confirmation of the Minutes of the 2nd GST Council Meeting held on 30th September, 2016
- (ii) Modalities for compensation to the states for possible revenue loss
 - (i) Definition of the term “Revenue” (outstanding issue from 2nd GSTC Meeting)
 - (ii) The formula for calculating the projected growth rate for compensation
- (iii) Provision for Cross-Empowerment to ensure Single Interface under GST (outstanding issue from 1st and 2nd GSTC Meeting) –
 - (i) Distribution of taxpayers between States and Centre under GST regime
 - (ii) Modalities for exercising information based enforcement action
 - (iii) Periodicity of review of the distribution
- (iv) Finalization of the bands of tax rates under GST Regime

- (v) Delegation of powers to the Chairman, GST Council to constitute Technical Committees of officers
- (vi) Date of the next meeting of the GST Council
- (vii) Any other Agenda item with the permission of the Hon’ble Chairperson

5th Council meeting had taken place on 2nd & 3rd December, 2016 in New Delhi

3. The following six agenda points were taken up for consideration:

- (i) Confirmation of the Minutes of the 3rd GST Council Meeting held on 18-19 October 2016.
- (ii) Presentation by the Goods and Service Tax Network (GSTN) on the status of development of GST Portal, Data migration/Enrolment plan, Risk factors and mitigation plan.
- (iii) Finalisation of the bands of tax rates under GST regime (Outstanding agenda item from the 3rd GST Council Meeting held on 18-19 October 2016).
- (iv) Provision for Cross-Empowerment to ensure Single Interface under GST (Outstanding agenda item from the 3rd GST Council Meeting).
- (v) Date of the next meeting of the GST Council.
- (vi) Any other agenda item with the permission of the Chairperson.

6th Council meeting had taken place on 11th December, 2016 in New Delhi.

Agenda items for the 6th Meeting of the GST Council on 11-12 December, 2016

1. Confirmation of the Minutes of the 5th GST Council Meeting held on 2-3 December, 2016
2. Approval of the Draft GST Law, Draft IGST Law and Draft GST Compensation Law
 - a. GST Treatment of Land and Building (Real Estate)
 - b. Definition of State, Rate of Tax on Goods and Services in UTs without Legislature, Territorial Waters and Exclusive Economic Zones and Provisions for authorization of proper officers in States
3. Provision for Cross-Empowerment to ensure Single Interface under GST
4. Date of the next meeting of the GST Council
5. Any other agenda item with the permission of the Chairperson

7th Council meeting had taken place on 22nd & 23rd December, 2016 in New Delhi.

Meeting points of 5th Council meetings were taken into consideration.

8th Council meeting had taken place on 3rd & 4th January, 2017 in New Delhi.

Further point of discussion taken were from 7th Council meeting.

Agenda Item 1: Presentations by representatives of the following sectors –

- a. Banking and Insurance
- b. Telecommunication
- c. Information Technology (IT) & Information Technology Enabled Services (ITeS)
- d. Civil Aviation
- e. Railways
- f. Commerce

9th Council meeting had taken place on 16th January, 2017 in New Delhi.

- Presentation by representatives of the Power sector,
- Confirmation of the Minutes of the 8th GST Council Meeting held on 3-4 January 2017.

10th Council meeting had taken place on 18th February, 2017 at Udaipur, Rajasthan.

- Brief presentations by representatives of Power Sector.
- Confirmation of the Minutes of the 8th GST Council Meeting held on 3-4 January, 2017.
- Provision of Cross-Empowerment to ensure Single Interface under GST.
- Discussion on issues of considering sale within twelve nautical miles as interstate or intra-state sale.
- Date of the next meeting of the GST Council.

11th Council meeting had taken place on 4th March 2017 at New Delhi.

- Confirmation of the Minutes of the 9th GST Council Meeting held on 16 January, 2017.
- Approval of the Draft Compensation Law as modified in accordance with the decisions of the GST Council and as vetted by the Union Ministry of Law.
- Approval of the legal provisions in the Model GST Law as per suggestions of the GST Council and vetted by the Union Ministry of Law.
- Date of the next meeting of the GST Council.
- Any other agenda item with the permission of the Chairperson.

12th Council meeting had taken place on 16th March 2017 at New Delhi.

- Confirmation of the Minutes of the 10th GST Council Meeting held on 18 February, 2017.
- Approval of the Draft CGST Law as modified in accordance with the decisions of the GST Council and as vetted by the Ministry of Law & Justice, Government of India.
- Approval of the Draft IGST Law as modified in accordance with the decisions of the GST Council and as vetted by the Ministry of Law & Justice, Government of India.
- Development of an e-Waybill System by Goods and Services Tax Network (GSTN).
- Any other agenda item with the permission of the Chairperson.

13th Council meeting had taken place on 31st March 2017 at New Delhi.

- Confirmation of the Minutes of the 11th GST Council Meeting held on 4 March, 2017.
- Approval of the Draft Model State Goods and Services Tax (SGST) Law as modified in accordance with the decisions of the GST Council and as vetted by the Ministry of Law & Justice, Government of India.
- Approval of the Draft Union Territory Goods and Services Tax (UTGST) Law as vetted by the Ministry of Law & Justice, Government of India.
- Amendments to the draft Integrated Goods and Services Tax (IGST) Law.
- Approval of the amendments to the draft Goods and Services Tax (Compensation to the States) Bill, 2017.
- Approval for constitution of a Task Force to suggest measures for creating an eco-system for seamless freight movement (Based on agenda note received from Ministry of Road Transport and Highways (MoRTH)).
- Any other agenda item with the permission of the Chairperson.
- Date of the next meeting of the GST Council.

14th Council meeting had taken place on 18th & 19th May 2017 at Srinagar, Jammu & Kashmir.

Discussion on following topics:

- Confirmation of the Minutes of the 13th GST Council Meeting held on 31 March 2017.

- Confirmation of the Minutes of the 12th GST Council Meeting held on 16 March, 2017.
- Approval of the Draft GST Rules on:
 - (a) Input Tax Credit.
 - (b) Valuation.
 - (c) Transitional Provisions.
 - (d) Composition.
- Approval of amendments to the five Draft GST Rules approved in the 2nd Meeting of the GST Council held on 30 September 2016, namely
 - (a) Registration.
 - (b) Return.
 - (c) Payment.
 - (d) Refund.
 - (e) Invoice and Debit/Credit Note.
- Any other agenda item with the permission of the Chairperson.
- Date of the next meeting of the GST Council.

15th Council meeting had taken place on 03rd June 2017 at New Delhi.

Agenda items for the 15th Meeting of the GST Council on 3 June 2017

1. Confirmation of the Minutes of the 14th GST Council Meeting held on 18-19 May 2017
2. Presentation on Information Technology (IT)-readiness of GSTN for roll-out of GST
3. Approval of amendments to the draft GST Rules and related Forms (details to be informed subsequently)
4. Finalization of the rates of tax and cess to be levied on commodities remaining after the Fitment exercise in the 14th GST Council meeting
5. Presentation on concept note on operationalizing the Anti-Profitteering Clause in GST Law
6. Any other agenda item with the permission of the Chairperson
7. Date of the next meeting of the GST Council

41st Council meeting had taken place on 27th August 2020.

- GST Compensation to the States and Union Territories.

42nd Council meeting had taken place on 5th & 12th October 2020.

- Confirmation of the Minutes of GST Council Meeting 40th and 41st .
- Deemed ratification by the GST Council of Notifications, Circulars and Orders issued by the Central Government,

- Decisions of the GST Implementation Committee (GIC) for information of the Council.
- Timelines in respect of TRAN-1/TRAN-2 declarations based on the discussions of 13th meeting of IT Grievance Redressal Committee held on 01.09.2020.
- Update on Return Enhancement and Advancement Project (REAP) & in-principle approval of overall architecture.
- Issues recommended by the Law Committee for the consideration of the GST Council:
 - Extension of the GSTR-1/3B system of return filing and change in due date for quarterly taxpayers upon introduction of the new GSTR-2B functionality.
 - Issues related to Annual Return for Financial Year 2019-20.
 - Steps taken to improve compliance behavior of taxpayers for making furnishing of GSTR-1 mandatory before furnishing GSTR-3B.
 - Amendment to FORM GSTR-1 and notification 12/2017-Central Tax, dated 28.06.2017 for improving data quality to enhance tax administration.
 - Agenda Note regarding refund to be disbursed in same PAN and Aadhaar linked bank account on which registration has been obtained under GST.
 - Proposal for amendments to CGST Rules, 2017.
- Issues recommended by the Fitment Committee for the consideration of the GST Council.
 - Agenda Note on the representation received from HADMA seeking GST rate of 12% on Ayurveda/Unani/Siddha' (AUS)-ingredients based sanitizer.
- Issues of Goods and Services Tax Network (GSTN):
 - Status of receipt of Advance User Charges (AUC) from States and CBIC and extension of time period by 6 months for payment of AUC for the first half of FY 2020-21 on account of COVID related challenges.
 - Need for moving resources from CR model to T&M model for important developments with the approval of CAB.
- Presentation on proposal to extend levy of GST Compensation Cess beyond the transition period to meet the shortfall during the transition period and constitute a Committee of Officers to work out anticipated shortfall, period of extension and other related issues.
- Review of Revenue position.

- GST payment through UPI.
- Status report of creation of GRC Zone-wise (CBIC) and States / UTs as on 04.09.2020.
- Performance Report of the NAA (National Anti-profiteering Authority) for the 1st quarter (April to June, 2020) for the information of the Council.
- Any other agenda item with the permission of the Chairperson.
- Date of the next meeting of the GST Council.

43rd Council meeting had taken place on 28th May 2021 in New Delhi.

- Confirmation of the Minutes of the 42nd GST Council Meeting held on 05th & 12th October, 2020.
- Deemed Ratification of Notifications and Circulars by the GST Council.
- Decisions of the GST Implementation Committee (GIC) for information of the GST Council.
- Status report of creation of GRC Zone-wise (CBIC) and States/UTs as on 15.05.2021.
- Performance Report of the NAA (National Anti-profiteering Authority) for the 2nd quarter (July 2020 to September, 2020), 3rd quarter (October 2020 to December 2020) and 4th quarter (January 2021 to March 2021) for the information of the Council.

44th Council meeting had taken place on 12th June 2021 in New Delhi.

- Report of the Group of Ministers for GST Concessions on Covid Relief Items.

Decisions taken for the 43rd Council Meetings:

- With regard to import of specified Covid-19 relief goods covered under the Ad hoc exemption, these were recommended for full exemption from IGST, even if imported on payment basis, for donating to the Government or on recommendation of state authority to any relief agency.
- Both the Ad hoc exemption and the IGST exemption on goods imported on payment basis for donation were made effective till 31st August 2021.
- Further in view of rising Black Fungus cases, the medicine “Amphotericin B” was included in the above stated exemption (i.e., when imported for free distribution in India). Additionally, the Central Government also exempted Basic

Customs duty on Amphotericin B. D. Regarding GST rates on individual items being used in Covid-19 relief, there were divergent views in the Council with respect to its coverage, extent and modalities of GST concession/exemption.

Therefore, it was decided to constitute a Group of Ministers (GoM) to examine the need for further relief on COVID-19 related items immediately. It was also decided that the GoM shall furnish its report by 8th June, 2021.

8. Findings:

From the above Council meetings data we get to know that the Ministry of Finance is trying to support the economy of each state in its own way as requested by the members and the stakeholders of the council meeting.

In the same way individual business, traders, corporates are also benefiting with this changes at the same time. Many traders are finding difficult to cope up with the GST as lack of knowledge is there.

Revenue Collection of different states from 1st July 2017 – 31st Dec 2021.

As GST was implemented from midnight of 1st July 2017, below figure gives us the brief idea about the total GST (CGST & SGST & IGST) collection for the months of July-2017 and August -2017 which were filed in September 2017, they are as follows : July 2017 – 59.57 Lakh Followed by August 2017 – 68.20 Lakhs.

Among which the Returns filed till 25th September 2017 were in July 2017-50.12 lakh filed the return and in August 37.63 lakh were reported.

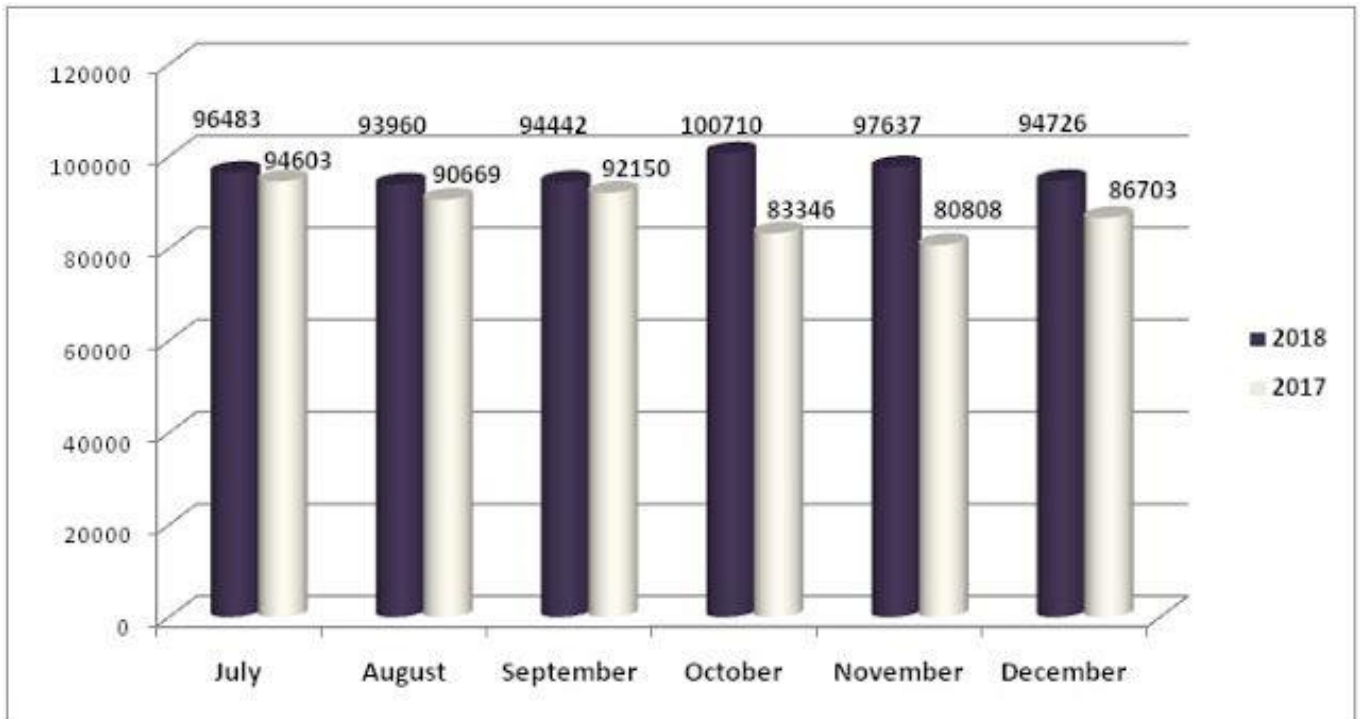
The difference calculated between July 2017 & August 2017 have been seen as follows:

SGST = (7.28%), CGST= (3.30%), IGST= (0.19%). Average data if compared between both months is (-1.75%) ,and revised data also has a negative percentage of (-3.61%).

GST COLLECTION MONTH WISE UP TO 25.09.17						
MONTH	SGCT	CGST	IGST	CESS	TOTAL	REVISED
Jul-17	22,722	14,894	47,469	7,198	92,283	94,063
Aug-17	21,067	14,402	47,377	7,823	90,669	90,669
% DIFF	-7.28%	-3.30%	-0.19%	8.68%	-1.75%	-3.61%
MONTH	TOTAL			RETURN FILED		
Jul-17	59.57 Lakh			50.12 Lakh		
Aug-17	68.20 Lakh			37.63 Lakh		

Below Figure gives the graphical representation for comparison of GST collection from July 2017 to December 2018 in white Cylinder bars and data for July 2018-December 2018 in dark violet cylinder bars. The data shown is sum of CGST, SGST, IGST.

The given data shows overall increase in the GST collection in the year 2018 (July-December).



Due to lack of knowledge many business, traders try to hide their income so that they don't need to pay taxes. Tax is also considered as a burden on common man and so they try to do evasion of taxes in different ways.

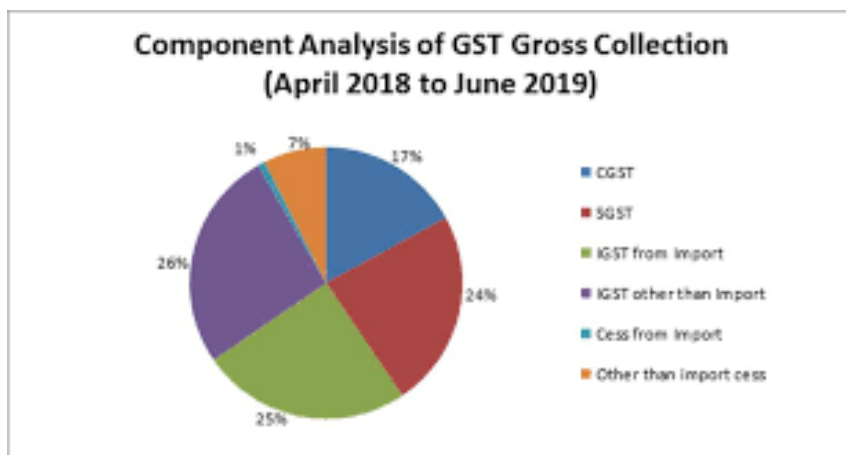
Below Figure gives the data as to evasion of GST (Rs. Crore), in each state and the Recovery (Rs. Crore) of it. The data is given in percentage format also to make a comparison. The data given is from July 2017- January 2020. The numerical figures consist of CGST, SGST, IGST, it is the sum of all taxes and shown.

Major States	GST Evasion (Rs. Crore)*	Recovery (Rs. Crore)	GST Evasion % of TGST**	Recovery as % of GST Evasion
Punjab	456.29	362.70	1.30	79.5
Haryana	2,296.54	766.69	1.69	33.4
Rajasthan	2,051.62	972.84	2.80	47.4
Uttar Pradesh	2,899.82	1,566.81	1.98	54.0
Bihar	1,335.06	1,058.04	5.21	79.3
West Bengal	2,623.96	1,092.51	2.76	41.6
Jharkhand	955.05	395.41	1.74	41.4
Odisha	1,580.45	632.24	2.49	40.0
Chhattisgarh	2,002.93	1,023.02	3.74	51.1
Madhya Pradesh	2,329.05	1,728.06	3.76	74.2
Gujarat	3,329.48	1,600.04	1.88	48.1
Maharashtra	17,003.47	11,260.19	4.12	66.2
Karnataka	5,119.05	2,735.60	2.72	53.4
Goa	7,556.63	87.46	75.64	1.2
Kerala	951.77	665.99	2.30	70.0
Tamil Nadu	3,223.54	1,513.83	1.89	47.0
Telangana	1,874.13	805.17	2.17	43.0
Andhra Pradesh	1,654.76	888.67	2.79	53.7
Total – Major States	59,244	29,155	3.13	49.2

Notes: *-GST evasions booked by Central GST Authorities during July 2017 to January 2020
 **-Total GST (SGST, CGST, IGST and GST Compensation Cess) Collection during August 2017 to December 2019.

Components of GST Collection in the year 2018.

Below Pie diagram gives an idea about the GST gross collection from various sources of its components like CGST = 17%, SGST= 24%, IGST (IGST classified into IGST from import = 25%, IGST other than import = 26%, Cess from import = 5%, other than import cess = 7%).



Latest data collection shows that there was a downtrend in GST collection during Pandemic were Centre and State could collect GST revenue of Rs. 92849 Crore in June, representing transactions by business in May. GST receipts also fell below Lakh Crore-rupee mark in October 2020.



Lockdown effect

The Centre and the states collected GST of ₹92,849 crore in June, representing transactions by businesses in May. GST receipts last fell below the lakh crore-rupee mark in October 2020.



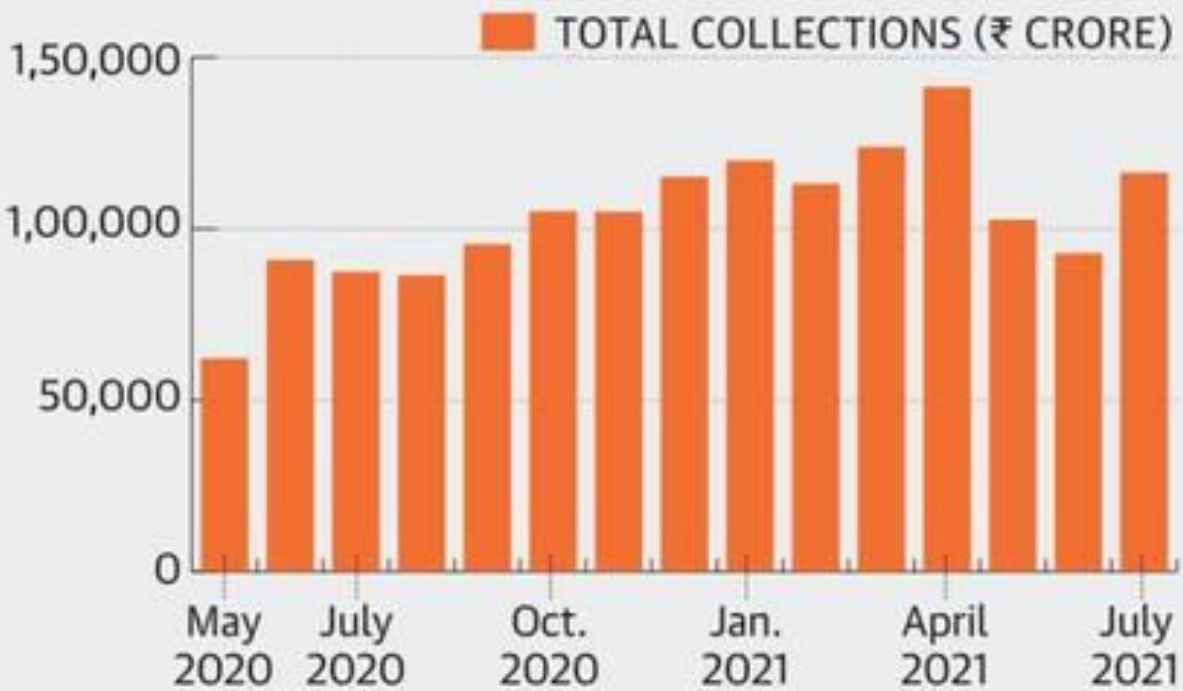
Graphic: Sarvesh Kumar Sharma/Mint

Source: Ministry of finance

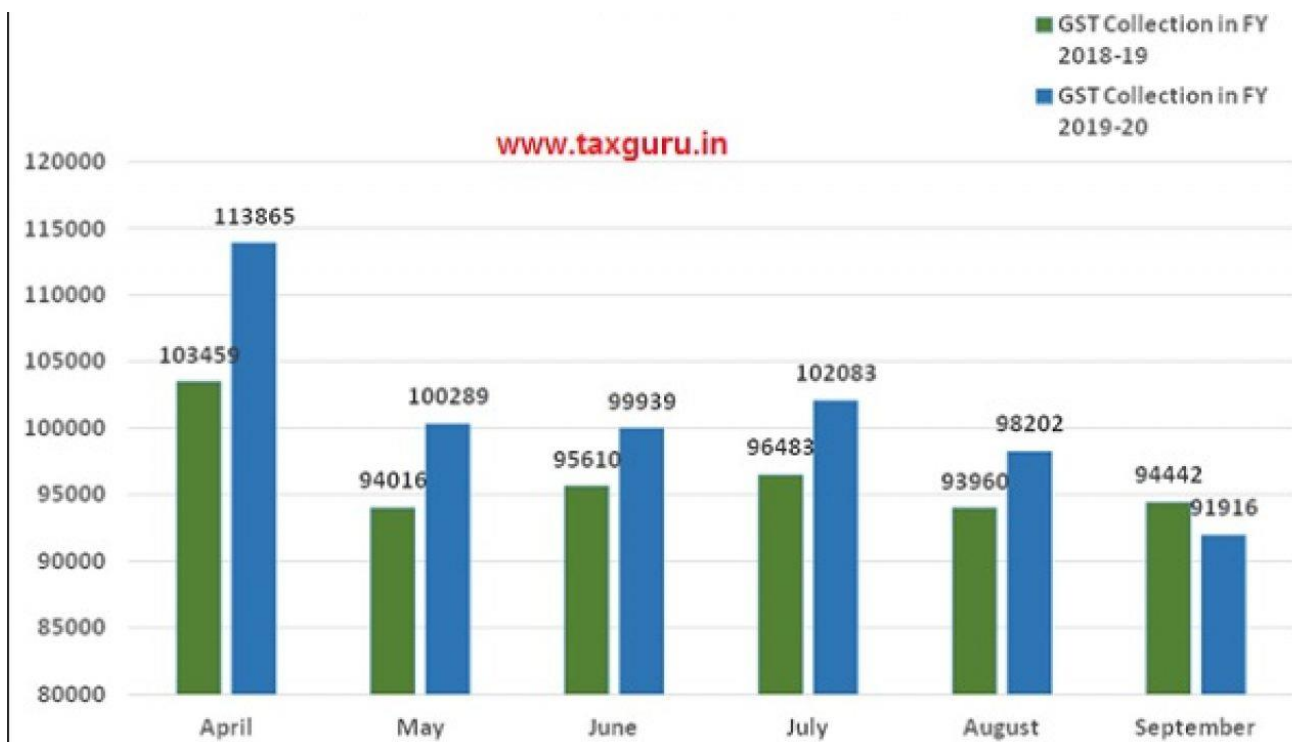
An uptrend move could be seen in the July 2021 were GST revenue collected for July 2021 has increased by 33% as compared to corresponding month in 2020.

Trending upwards

GST revenue collected for July 2021 increased by 33% compared to the corresponding month in 2020



Comparison of Data for 2018-2019 & 2019-2020 shown in below fig.

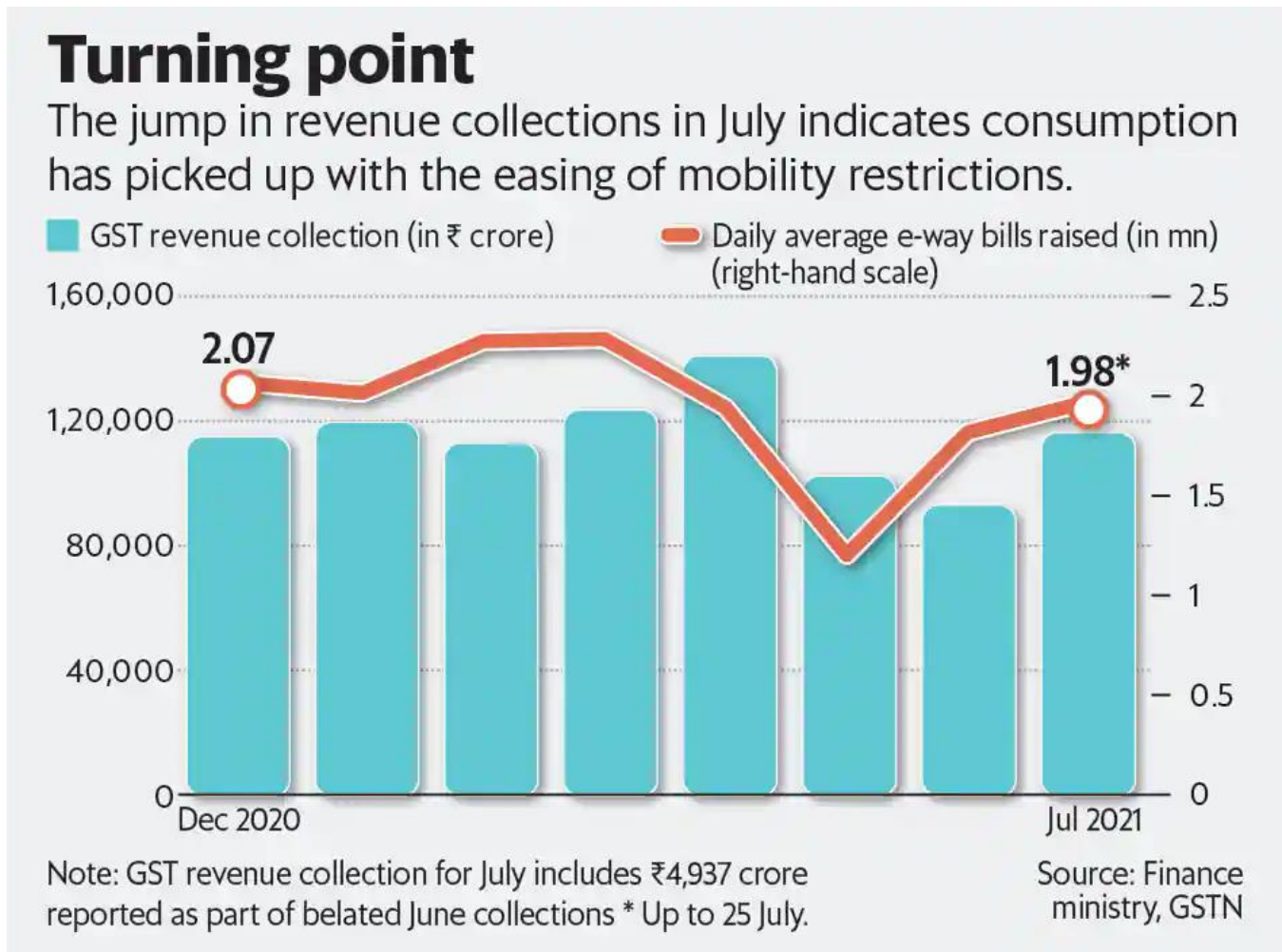


The above figure gives the Revenue collected in the Month of April 2019-20 is comparatively higher than the corresponding month of April in the previous year 2018-19, same is the with the

other Months. But at the same time we can also see that there is a great fall is GST revenue collection from May 2019-2020.

Turning Point of GST:

The jump in revenue collections in July indicates consumption has picked up with the easing of mobility restrictions.

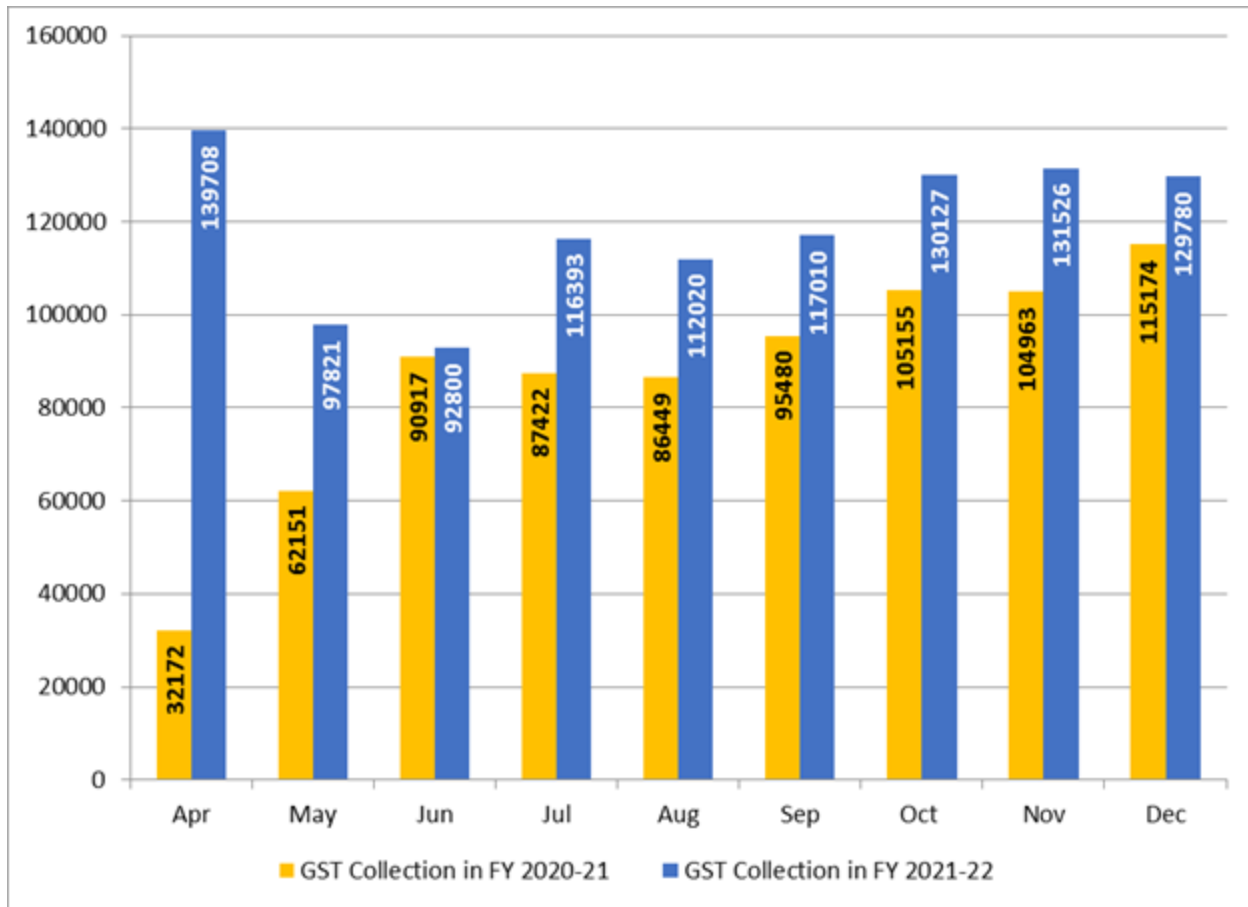


GST revenue collected in **December 2021** was over **Rs 1.29 lakh crore**, 13 % higher than the same month in 2020. The gross GST revenue collected in the month of December 2021 is ₹1,29,780 crore, of which CGST is ₹ 22,578 crore, SGST is ₹ 28,658 crore, IGST is Rs 69,155 crore (including Rs 37,527 crore collected on import of goods) and cess is Rs 9,389 crore.

Below Bar chart figure shows the GST revenue collected for the FY-2020-21 in Yellow colour , and FY-2021-22 in Blue colour. The revenue collected has shown significantly high rise in the month of April 2021-2022 as compared to previous years April 2020-2021 collection.

The reason for low GST revenue in the month of April 2020-2021 must be due to Pandemic as no transactions were taking place from March 2020 – June 2020.

Other months too have shown a small increase the GST revenue collection in the FY- 2021-22
As compared to the previous year's month FY – 2020-2021.



9. Conclusion:

A lot of improvement can be seen after the implementation of the GST Act,

- ✓ Evasion of multiple taxes.
- ✓ One Nation, One tax motto is being achieved.
- ✓ Different tax slab rates given to each product as per its consumption.
- ✓ Burden of is on both Central and State Government.
- ✓ User friendly interface for uploading GST data.

Limitations of GST:

- ☒ Not suitable for business with lower Profit or revenue.
- ☒ Lack of knowledge.
- ☒ Products like luxury items have higher rate of GST that is 28%, CGST-14%, SGST-14%.
- ☒ Every month/Quarterly filing is important after Registering for GST or Penalty is to be paid.
- ☒ Local business don't get the GST offset as they are unregistered dealers.

10. References:

- ✚ <https://www.india-briefing.com/news/key-gst-changes-india-applicable-from-january-1-2022>
- ✚ <https://gstcouncil.gov.in/1st-gst-council-meeting>
- ✚ <https://currentaffairs.adda247.com/gst-collection/>
- ✚ <https://cbic-gst.gov.in/#>
- ✚ <https://www.google.com/>