ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 6| June 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753 || ISI Value: 1.188

A CONCEPTUAL AND ANALYTICAL REVIEW OF GOODS AND SERVICES TAX (GST) AND ITS SECTORAL IMPACT ON THE INDIAN ECONOMY

Mr. Sunil Naik S.[1], Mr. Jeevanraj[2]

[1]*Faculty Member, Department of Commerce, Sahyadri Commerce and Management College, Constituent College of Kuvempu University, Shivamogga 577203.*

[2]*Lecturer, Department of Commerce and Management, Acharya Tulsi National College of Commerce, Shivamogga*

ABSTRACT

The development of any nation major source of revenue is the tax, so for economic development of the nation, it is compulsory to have good taxation system. GST would be a major move towards this in Indian economy as since independence. GST the biggest tax reform in India founded on the notion of "one nation, one market, one tax" is finally here. The moment that the Indian government was waiting for a decade has finally arrived. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. Fundamentally, the $2.4-trillion economy is attempting to transform itself by doing away with the internal tariff barriers and subsuming central, state and local taxes into a unified GST. The idea behind implementing GST across the country in 28 states and 8 Union Territories is that it would offer a win-win situation for everyone. Manufacturers and traders would benefit from fewer tax filings, transparent rules, and easy bookkeeping; consumers would be paying less for the goods and services, and the government would generate more revenues as revenue leaks would be plugged. Ground realities, as we all know, vary. So, how has GST really impacted India? Let's take a look.

INTRODUCTION

The development of any nation major source of revenue is the tax, so for economic development of the nation, it is compulsory to have good taxation system. GST would be a major move towards this in Indian economy as since independence. The introduced Goods and Service Tax is undoubtedly the biggest tax reform in the monetary history of India. Goods and Services Tax popularly known as GST a single indirect tax for the whole nation, on the supply of goods and services, right from the manufacturer to the consumer. Goods & Services Tax is a comprehensive, multistage, destination-based tax that will be levied on every value addition. Goods and Service Tax introduced from 1st July 2017 in India. Implementation of Goods and Service Tax leaves behind an inefficient complicated and fragmented indirect tax system.

The Tax system in any economy has direct connection with the development of country. In India Tax system is unique one because Constitution of India itself has certain implications in it. Division of power between center and state leads to simplicities but collection of the tax is the right of the government. In the pre-GST regime, there were many indirect taxes levied by both state and center. States mainly collected taxes in the form of Value Added Tax (VAT). Every state had a different set of rules and regulations. Interstate sale of goods was taxed by the Center. CST (Central Sales Tax) was applicable in case of interstate sale of goods. Other than above there were many indirect taxes like entertainment tax, octroi and local tax that was levied by state and center. This leads to a lot of overlapping of taxes levied by both state and center. For example, when goods were manufactured and sold Excise Duty charged by the center. Over and above Excise Duty, VAT was also charged by the State. This lead to a tax on tax also known as cascading effect of taxes. In the pre-GST regime, tax on tax was calculated and paid by every purchaser including the final consumer. This tax on tax is called Cascading Effect of Taxes. Now a days it is well recognized principle of the state policy that consumer should be given with more rights and protection of the interest of the consumer is of prior importance. The economic growth of the country is possible only when consumer demand remain constantly increasing. The demand of the consumer will depends upon the number of factors. Tax system is also one of them.

In India, the idea of GST was contemplated in 2004 by the Task Force on implementation of the Fiscal Responsibility and Budget Management Act, 2003, named Kelkar Committee. The Kelkar Committee was convinced that a dual GST system shall be able to tax almost all the goods and services and the Indian economy shall be able to have wider market of tax base, improve revenue collection through levying and collection of indirect tax and more pragmatic approach of efficient resource allocation. Under the Goods and Service Tax mechanism, every person is be liable to pay tax on output and shall be entitled to enjoy credit on input tax paid and tax shall be only on the amount of value added.

The historic GST or goods and services tax has become a reality. The new tax system was launched at a function in Central Hall of Parliament on 1st July ,2017 (Friday midnight). GST, which embodies the principle of "one nation, one tax, one market" is aimed at unifying the country's $2.4 trillion economy and 1.3 billion people into a common market. For corporate, GST the elimination of multiple taxes will improve the ease of doing business. And for consumers, the biggest advantage would be in terms of a reduction in the overall tax burden on goods. "Inflation will come down, tax avoidance will be difficult, India's GDP will be benefitted and extra resources will

ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 6| June 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753 || ISI Value: 1.188

be used for welfare of poor and weaker section," Finance Minister Arun Jaitley said at GST launch event in Parliament. The Lok Sabha has finally Passed the Goods and Services Tax Bill and it is expected to have a significant impact on every industry and every consumer. Apart from filling the loopholes of the current system, it is also aimed at boosting the Indian economy. This will be done by simplifying and unifying the indirect taxes for all states throughout India.

OBJECTIVE OF GST

- To study the conceptual framework of GST in Indian Context
- To know the benefit of GST to the Indian economy
- To explore the impact of GST on different sectors of Indian economy.
- To know the impact of GST on country GDP.
- To know the revenue collected from GST

REVIEW OF LITERATURE

Songara Manoj (March 2019), The major source of revenue for any nation is the tax, so for economic development of the nation, it is compulsory to have good taxation system. India started its journey towards tax system in the year 1980. GST would be a major move towards Indian economy as since independence India has faced some of the issues because of complex indirect tax system, this complexity is assumed to be resolved by present GST structure replacing all state and central indirect taxes in to one simple unique tax. All sectors in India - manufacturing, service, telecom, automobile etc. will bear the impact of GST. While comparing challenges with its advantages, it is clearly visible that its advantages are more compared to challenges; GST will give Indian economy a strong and smart tax system for economic development. But for gaining those benefits, country will need to build strong mechanism.

Namita Mishr (November 2018), A single taxation system would encourage new businesses and entrepreneurs to engage in service and manufacturing sector. GST levied only on consumption of goods or services .This leads to eliminate economic distortions in taxation amongst states and also helps in free movement of goods ,further it also minimize the complexity of taxation. It will also beneficial to individuals as the prices will go down due to GST and decrease in price leads to increase in consumption and directly increase the GDP.As GST implementation applied at a time for all states lack of policy barrier will removed. Directly GST will increase the investment in FDIs which increase the foreign exchequer of the country and indirectly increase the employment opportunities. It will promote new startups in India for its business-friendly tax structure .

Hemlata Tiwari, and Shambhu Nath Singh(2018), The Indian government has taken a major step in the direction of indirect tax reform. Since 1 July 2017, it implemented goods and service tax (GST) in place of other indirect taxes. The idea behind GST is to bring uniformity in goods and services price across the nation. This new system brings a lot of transpar1ency in indirect tax structure of our country. It will also help in tracking tax evasion. GST will bring a lot of changes in Indian economy. This will also help in removing obstacle of doing business in our country. In this way, it will attract lot of domestic and foreign investors to set up their business in India. Once foreign companies start their operation in India, they will hire lot of Indian youth to do work in their business. This will pave the way to sort out the problem of unemployment in India and enhance our foreign exchange reserve. Business development will further enhance the infrastructure growth in our nation. It will direct the path of growth in government revenue and support government initiatives such as Make in India, Digital India and so on. In this way, GST will give a spur to Indian economic growth prospects.

Chirag Rana (2018), Efficiency & equity in the economy can be brought by proper taxation system in the country. While comparing challenges with its positive and negative, it is clearly visible that its positive impact are more compared to challenges. A good tax system should focus on income distribution as well as generate revenues to government. To Implementing GST is to maintain simplicity and transparency in taxation system. GST will give Indian economy a strong and smart tax system for economic development. But for gaining those benefits country will need to build strong mechanism. The objective GST is to replace VAT; GST will be solving all the complexities present in the current indirect tax system. It will be giving relief to various parties like consumers, producers and Government.

Manisha Shinde (march 2019) Indian economy is the witness for accelerating the growth in very short span of time. Tax in form of direct and indirect is the major source of income to the government. Chairman of 13th Finance Commission Dr. Vijay Kelkar, has suggested to have a rational, scientific and modern taxation system in tune with developed nations form the base behind the introduction of Goods and Service Tax (GST) in India. Tax structure is planned and implemented in such a way that it leads to the development of country. A Taxation Structure which facilitates easy of doing business and having no chance for tax evasion brings prosperity to a country's economy. Tax policies play an important role on the economy as it is the revenue source, it has a positive impact on both efficiency and equity. In view issues of income distribution a good tax system should keep pace with it and at the same time it should also endeavor to generate tax revenues to support government outflows on public services and infrastructure development.

STATEMENT OF THE PROBLEM

The development of any nation major source of revenue is the tax, so for economic development of the nation, it is compulsory to have good taxation system. GST would be a major move towards this in Indian economy as since independence. The concept of Goods and Services Tax (GST) is the biggest tax reform in decades throughout the world in many countries, but India has implementing it to meet its target of rolling out goods & services tax (GST). This research intends to focus on to study the conceptual framework of GST in Indian Context and know how its impact on Indian economy.

RESEARCH METHODOLOGY

The study focuses on wide study of secondary data collected from various books, National & international Journals, published government reports, publications from various websites which focused on various aspects and

ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 6| June 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753 || ISI Value: 1.188

important of Goods and Service tax.

Concept of GST

GST is a new form of tax that seeks to replace all central and state taxes and levies such as excise duty, countervailing duty, service tax, value added tax, octroi, entry tax and luxury tax. Goods and services should be taxed based on the value addition at each stage and not based on the gross value of the goods or services billed at each stage. Further, tax should be eventually borne at the point of consumption rather than at the point of production, though the tax department must be able to track value addition at each step and collect tax proportionate to the value added at each stage.

GST is a single tax right from the manufacturer or service provider to the consumer. In this system, taxes paid at each stage will be credited in the subsequent stage of value addition. Thus, Goods and Services Tax charged by the final dealer (seller or service provider) is the final tax borne by the customer, with set off of all taxes paid at all earlier stages in the supply chain.

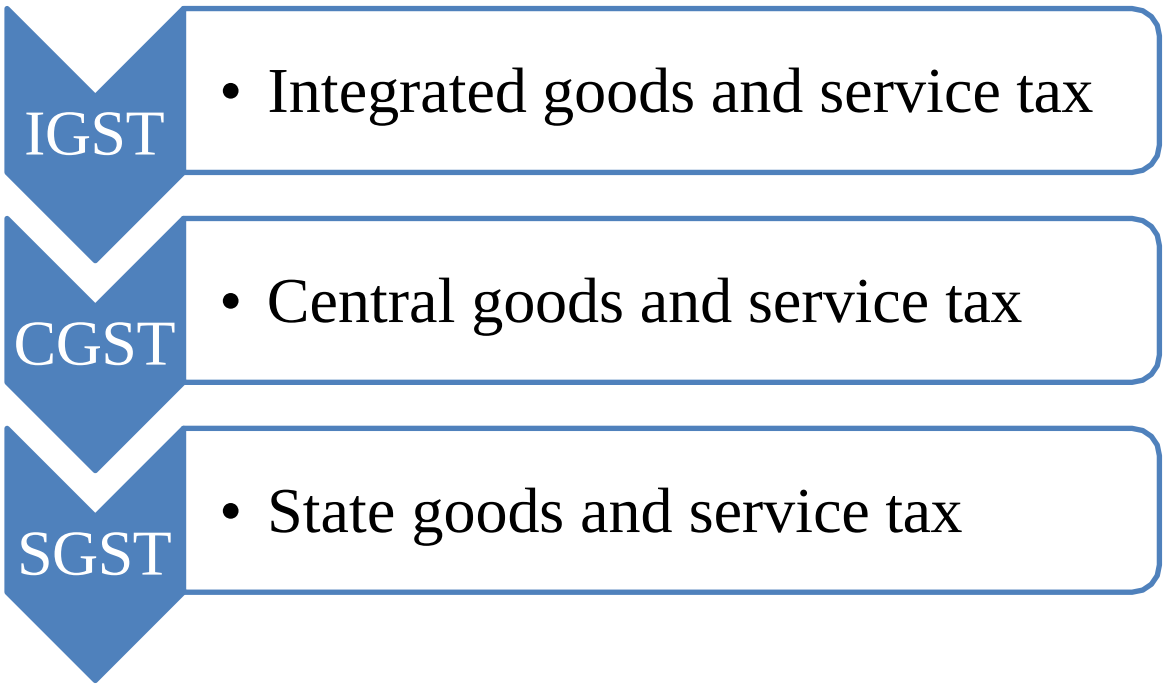
Difference between GST and old tax structure

Basis	Old tax structure	GST
Number of Laws	There are separate laws for separate taxes and respective VAT on states	There is only ONE law
Tax Rate	Existence of separate tax rates	There will be one CGST rate and uniform SGST rate across all the states
Cascading effect (Taxes on Tax)	Presence of cascading effect of taxes due to multiplicity in taxes	Cascading effect is reduced which makes it very simple
Tax Burden	High tax burden on taxpayers	Tax burden is much reduced
Tax Structure	Presence of multiple taxes makes compliance difficult	Subsuming or absorbing the taxes into one makes compliance simple and easy
Prices for Consumers	Usually very high due to cascading effect of taxes	Prices are expected to be reduced

Type of GST

IGST, CGST, and SGST

IGST, CGST, and SGST are categories of GST that are charged by Central and State Governments on the basis of supply and consumption. The Goods and Services Tax (GST) is a multi-staged and destination-based indirect tax, charged on the supply of goods and services. GST is multi-staged; thus, it is charged at every level of the stage of production, and being destination-based, the tax is collected from the ultimate point of consumption and not from any point of origin. Based on these features, the GST is divided into three sub-taxes, which are Integrated Goods and Services Tax (IGST), Central Goods and Services Tax (CGST), and State Goods and Services Tax (SGST)



ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 6| June 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753 || ISI Value: 1.188

Integrated goods and service tax (IGST)

The meaning of IGST or Integrated Goods and Services Tax (IGST) is the tax collected on interstate transactions when the seller and the consumer are located in different states. Further, IGST is also charged on the imports and exports of goods and services, and on supplying activities related to SEZs or Special Economic Zones. In the case of interstate tax collection, instead of separately charging taxes for the Centre and the State, the Government collects IGST, which is later divided equally. However, this adds no extra burden on the consumer's pocket since IGST is equal to the SGST and CGST clubbed together. It is collected by the Government to ensure that the tax is equally divided amongst the Centre and the State Government. IGST makes the tax process hassle-free and sorts things out for the tax collectors when there are two states involved instead of one.

Example of IGST

Asim from Haryana sold goods to Pankaj from Rajasthan, amounting to ₹ 1,00,000. If the GST charged is 12%, then this 12% is IGST. Instead of two, only one tax is charged that is handed over to the Central Government, out of which 6% is credited to the state of consumption. Thus, IGST compromises both CGST-tax to the Central and SGST-tax to the state. IGST is different because instead of direct distribution of the tax to the Centre and to state, the tax is collected in an 'integrated' manner and distributed later.

Central goods and service tax

The Central Goods and Services Tax (CGST) is relevant to intrastate transactions, that is when the seller and consumer function from the same state. The CGST is implemented on goods and services to enable tax collection for the Central Government. The CGST is collected along with the SGST. Unlike IGST, in case of intrastate transactions, CGST is collected as a separate tax to be deposited to the Central Government. CGST is charged on all items that may range from household necessities to luxuries, and from manufacturing services to professional services.

State goods and service tax

The meaning of SGST or State Goods and Services Tax (SGST) is a tax collected in the case of the intrastate transaction when the state of consumption and state of production are the same. The State GST, as the name implies, is a tax collection medium for the State Government. It is collected as a separate tax in the case of intrastate transactions. Similar to CGST, it is charged across all sales and purchases and other non-exempted transactions under the GST Act.

Example of CGST AND SGST

Ramesh from Punjab sells goods to Manoj living in the same state worth ₹ 1,00,000. If the applicable intrastate GST on this transaction is 12%, then 6% is directly charged as CGST and another 6% as SGST. Thus, instead of an integrated tax, the tax is collected separately for the two hierarchical authority, and there is a direct-distribution of tax, instead of indirect taxation.

Comparison between CGST, IGST, SGST/UTGST

	Integrated GST – IGST	Central GST – CGST	State/Union Territory GST - SGST/UTGST
Tax Levied By	Central Government, on Inter-State supplies of Goods and/or services	Central Government, on Intra-State supplies of Goods and/or services	State/Union Territory Government, on Intra-State supplies of Goods and/or services
Taxes that it will replace	Central sales tax (CST)	Service tax, excise duty, countervailing duty (CVD), special additional duty (SAD), Additional Duties of excise(ADE), and any other indirect central levy	VAT, sales tax, luxury tax, entry tax ,entertainment tax, purchase tax, Octroi, taxes on lottery
Applicability	Interstate supplies and import	Supplies within a state	Supplies within a state
Input Tax Credit	Against CGST, SGST and IGST	Against CGST and IGST	Against SGST/UTGST and IGST
Tax Revenue Sharing	Shared between state and central governments	Central government	State/ union territory government
Free Supplies	IGST is applicable on free supplies	CGST is applicable on free supplies	SGST and UTGST is applicable on free supplies

VARIOUS GST TAX SLABS IN INDIA

1. Nil (0%) GST Category

Several essential goods and services have been completely exempted from GST. These include life insurance and health insurance policies, certain life-saving medicines, educational materials, healthcare-related services, and selected essential food products. The purpose of these exemptions is to provide relief to households and improve affordability of essential services.

2. 5% GST Slab

The 5% GST slab is intended for essential goods, daily-use items, and socially beneficial products. Many goods that were

ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 6| June 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753 || ISI Value: 1.188

previously taxed at 12% have been shifted to 5% to reduce the burden on consumers. This category includes essential food products, certain agricultural inputs and machinery, medical supplies, affordable consumer goods, and various products used by the common man. The objective is to keep necessities affordable and encourage consumption.

3.18% GST Slab

The 18% GST slab has become the standard rate covering most goods and services. Products that were earlier taxed at 12% or 18% are now generally covered under this rate. Banking services, insurance-related taxable services, telecommunication services, professional services, consumer durables, electronic goods, and most business supplies fall under this slab. Certain goods previously taxed at 28%, such as cement and some automobiles, were also reduced to 18% to promote economic activity and reduce costs.

4.40% Special Demerit GST Slab

A new 40% GST slab has been introduced for luxury and harmful (demerit) goods. This rate is imposed on products whose consumption the government seeks to discourage or which are considered luxury items. The 40% category includes cigarettes, tobacco products, pan masala, gutkha, aerated and sugary beverages, luxury motor cars, high-capacity motorcycles, yachts, private aircraft, and certain betting and gambling-related activities. This special rate replaces the earlier 28% slab plus compensation cess structure for many such products.

Benefit of GST to the Indian economy

- Simplification of the tax structure: Reduces tax burden on producers and fosters growth through more production. The current taxation structure, pumped with myriad tax clauses, prevents manufacturers from producing to their optimum capacity and retards growth. GST will take care of this problem by providing tax credit to the manufacturers.
- Enhanced pan India operations: Different tax barriers, such as check posts and toll plazas, lead to wastage of unpreserved items being transported. This penalty transforms into major costs due to the higher needs of buffer stock and warehousing costs. A single taxation system will eliminate this roadblock.
- Transparency in GST system: There will be more transparency in the system as the customers will know exactly how much taxes they are being charged and on what base.
- Increased revenues: GST will add to government revenues by extending the tax base. GST revenues continue to rise, owing to the number of registered taxpayers and improved compliance with more returns being filed. The gross GST revenue collected in the month of April' 2021 is at a record high of Rs. 1,41,384 crore of which CGST is Rs. 27,837 crore, SGST is Rs. 35,621, IGST is Rs 68,481 crore (including Rs. 29,599 crore collected on import of goods) and Cess is Rs. 9,445 crore (including Rs. 981 crore collected on import of goods). Despite the second wave of COVID-19 pandemic affecting several parts of the country, Indian businesses have once again shown remarkable resilience by not only complying with the return filing requirements but also paying their GST dues in a timely manner during the month.
- Fostering production: GST will provide credit for the taxes paid by producers in the goods or services chain. This is expected to encourage producers to buy raw material from different registered dealers and is hoped to bring in more vendors and suppliers under taxation purview.
- Increase in Exports: GST will remove the custom duties applicable to exports. The nation's competitiveness in foreign markets will increase on account of lower costs of the transaction.
- SME support: Under the Composition Scheme introduced by GST, the small and medium-sized enterprises(SME's) can now register. According to their annual turnover, they can pay taxes through this scheme.

GST Impact on GDP

GDP Data for FY 2020-21 4th Quarter (January to March 2021)

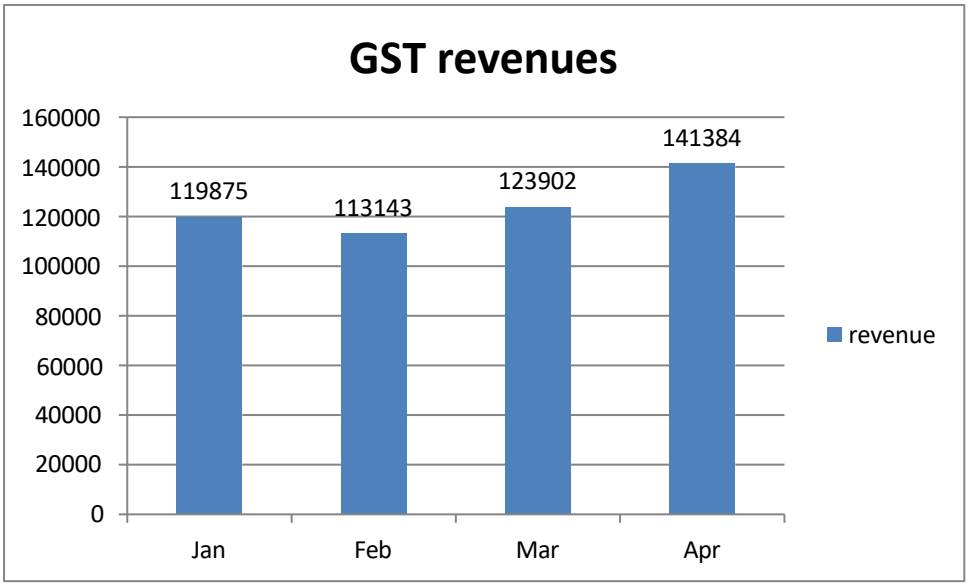
Prior to the 2nd wave of the corona virus, the gross domestic product (GDP) has raised the 1.6% in the 4th quarter (Jan-March) of 2020-21. This had arrived upon the top of the 0.5% rise in the before quarter of October-December.

"GDP at Constant (2011-12) Prices in Q4 of 2020-21 is estimated at Rs 38.96 lakh crore, as against Rs 38.33 lakh crore in Q4 of 2019-20, showing a growth of 1.6 per cent," the Ministry of Statistics & Programme Implementation (MoSPI) said in an official statement on 31st May 2021, continuing that the growth in GDP during FY 2020-21 is estimated at 7.3 per cent as compared to 4.0 percent in FY 2019-20.

GST Revenue Collection

The chart below shows trends in monthly gross GST revenues during the 'January to April'2021.

ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 6| June 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753 || ISI Value: 1.188



The gross GST revenue collected in the month of April' 2021 is at a record high of Rs. 1,41,384 crore of which CGST is Rs. 27,837 crore, SGST is Rs. 35,621, IGST is Rs 68,481 crore (including Rs. 29,599 crore collected on import of goods) and Cess is Rs. 9,445 crore (including Rs. 981 crore collected on import of goods). Despite the second wave of COVID-19 pandemic affecting several parts of the country, Indian businesses have once again shown remarkable resilience by not only complying with the return filing requirements but also paying their GST dues in a timely manner during the month.

The GST revenues during April 2021 are the highest since the introduction of GST even surpassing collections in the last month (March'2021). In line with the trend of recovery in the GST revenues over past six months, the revenues for the month of April 2021 are 14% higher than the GST revenues in the last month of March'2021. During the month, the revenues from domestic transaction (including import of services) are 21% higher than the revenues from these sources during the last month.

GST revenues have not only crossed the Rs. 1 lakh crore mark during successively for the last seven months but have also shown a steady increase. These are clear indicators of sustained economic recovery during this period. Closer monitoring against fake-billing, deep data analytics using data from multiple sources including GST, Income-tax and Customs IT systems and effective tax administration have also contributed to the steady increase in tax revenue. Quarterly return and monthly payment scheme has been successfully implemented bringing relief to the small taxpayers as they now file only one return every three months. Providing IT support to taxpayers in the form of pre-filled GSTR 2A and 3B returns and ramped up System capacity have also eased the return filing process.

During this month the government has settled Rs. 29,185 crore to CGST and Rs. 22,756 crore to SGST from IGST as regular settlement. The total revenue of Centre and the States after regular and ad-hoc settlements in the month of April' 2021 is Rs. 57,022 crore for CGST and Rs. 58,377 crore for the SGST.

The Impact of GST on Different Sectors of The Economy
Sector-wise Impact Analysis

GST or Goods & Services Tax was presented in the Indian Constitution through the 101st Constitutional Amendment Act, 2016. After the introduction of GST, numerous sectors received some negative as well as positive effects.

The implementation of the tax was for the long-term advantage. There were very few sectors to benefit from GST in the short term. The long-term advantage requires the patience. Where one area in the nation faces a positive impact, the other area receives a different impact. It is vital to know how and to whom is the impact of GST on various sectors in India.

Impact of GST on Agricultural Sector

The impact of GST on the agricultural sector or the effect of GST on agriculture is positive. The agricultural sector is a significant sector to the overall Indian Gross Domestic Product. It covers around 16% of the Indian Gross Domestic Product.

The introduction of the Goods & Services Tax has affected different sectors of society. One of the significant issues looked at by the agricultural sector is the transportation of agricultural items across states all over India.

Transportation may be the most likely issue for the agricultural sector with regard to Goods & Services Tax. Goods & Services Tax may help India in forming its first National Market for agricultural items.

Impact of GST on Textile Sector

GST has shown a positive effect upon readymade and textile pieces of garments, as one of the GST benefit sectors. This new system is beneficial to them. Some of the advantages which GST gave to the textile sector are:

1. The Input Tax Credit or ITC framework or chain.
2. Input Tax Credit or ITC is currently available on the capital goods.
3. The cost for the transporting is currently lower in contrast with the past tax system.

ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 6| June 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753|| ISI Value: 1.188

Impact of GST on the IT Sector

Although the Goods & Services Tax rate for services has increased to 18%, compared with the older system the Information Technology Sector is one of the GST benefit sectors. Different factors like the accessibility of Input Tax Credit or ITC will cut down the operating expenses and, consequently, expand the Information Technology sector's general productivity.

The main areas of the GST impact on IT sector are below:

1. The simpler Tax Rate Administration
2. Removal of Cascading(double tax) Effect of Taxes
3. Business Restructuring
4. E-commerce
5. Opportunities in creating software for GST

Impact of GST on Banking Sector

With the introduction of GST, the banking sector has turned out to be more costly. Before, the tax rate of the services for the banking sector was 15%. However, after the implementation of GST, the tax rate has been increased on all the banking areas to 18%. These are a few effects of GST on the banking sector:

1. Each separate part of Banks should have separate registration
2. Place of supply identification
3. Reliance upon CGST and SGST
4. The transactions between banks aren't free
5. Input Tax Credit or ITC in GST

Impact of GST on Hotel and Tourism

Income generated from the tourism and hotel industry forms an important part of the Indian economy. They help in expanding the GDP of India. This is the reason each State Government continues advancing the travel industry of their state by different schemes. The rate of GST varies for the inns as a result of the tariffs.

Goods & Services Tax rates for hotels are dependent on room tariff with impact from 1st October 2019.

1. If the tariffs range below Rs. 1,000, then there will be no GST.
2. If the tariff ranges between Rs. 1,000 to Rs. 7,500, then 12% GST will be levied.
3. If the tariff is more than Rs. 7,500, then 18% GST will be levied.

GST brought a single tax rate compared to the multiple taxes under the previous system. This has made it easier for the industry and provides clarity to customer as well. So say that the hotel and tourism industry is one of the sectors to benefit from GST

Impact of GST on the Entertainment Industry

The entertainment industry is one of the GST benefit sectors. Before the implementation of GST, the entertainment sector had many taxes. They are not restricted to one tax or duty. They included the state tax, central tax and tax by the local authorities. However, when GST came into motion, they moved into just one tax.

GST was running between 18% to 28%. The tax rate depended upon the sort of Entertainment services provided.

Impact of GST on Automobile Sector

Following Goods & Services Tax implementation, a wide range of taxes like Excise Duties, VAT, Sales Tax, and Road Tax cleared a path for a unified Goods & Services Tax. This brought an increase in automobile deals. Numerous huge automobile brands experienced record growth in the year 2018 and 2019. Customers believed it to be the ideal chance to buy vehicles. Thus, the automobile is another of the GST benefit sectors.

Impact of GST on Export-Import Sector

Before implementing the GST, Import and Export were administered by the Customs Duty, Excise Duty, Value Added Tax, and Service Tax. All these taxes were put together as one at the point when GST was presented. Yet, the BCD or Basic Customs Duty keeps on eating away at the import bills. IGST includes all the taxes which were administering the imports of goods and services before the Goods & Services Tax. Those taxes were:

Impact of GST on the Education Sector

Whenever there is a conversation over the development and growth of a country, the main thing thought about is the strength of that country's education sector. The education sector is one of the GST benefit sectors. The education of people has a significant part in the strength of a nation.

The government has therefore tried to keep education-related institutions excluded from the duties or taxes, in the new Goods & Services Tax system. These include the services given by any educational association to its staff, faculty and students.

Impact of GST on Real Estate

This sector has seen a good growth in recent years and has been a vast business area. It is an industry that is generally reliant on tax rates. Goods & Services Tax on real estate has brought more productive activities, and numerous new brands have come up. Subsequently, these brands have been able to help the economy of the nation enormously. Therefore this too, has been one of the sectors to benefit from GST.

Impact of GST on Energy Sector

The energy sector is one of the essential enterprises in any economy since power is critical for each business activity. However leaving this sector being outside the scope of Goods & Services Tax will affect the remaining economy. It disallows a sector of the benefits hoped to be accomplished by the introduction of Goods & Services Tax.Eventually, the Goods & Services Tax impact is likely going to be leveled out by falling costs. We needn't waste time with the assistance of lowering taxes to enable economic growth. Therefore currently the energy sector isn't one of the sectors to benefit from GST.

Impact of GST on Iron and Steel

Three sorts of taxes were applied on the manufacturing of iron & steel. Those duties were: -

1. 2% CST or Central Sales Tax
2. 5% VAT or Value Added Tax
3. 12.5% Excise Duty

When we see, there is an aggregate of 19.5% net duty that is forced upon iron & steel in the older system. Under

ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 6| June 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753 || ISI Value: 1.188

GST most of the items manufactured fall in the 12% and 18% category, while a few items fall under the 28% category. So we can see that the iron and steel industry is one of the sectors to benefit from GST.

Impact of GST on Service Sector

It is no news that the introduction of the GST will represent some significant benefits and a couple of weaknesses to the service sector.

Many service sectors had a lot of changes as they adjusted to the presentation of this new tax system. We can be sure that a considerable lot of them are glad given the changes. You can believe that this new tax collection framework will likewise influence individuals all in all and not just businesses. All things considered, there has been a positive GST impact on the service sector .

CONCLUSION

The Goods & Services Tax is a milestone in India's Indirect Tax system that kill multiple birds with one stone. Designed to avoid the cascading of taxes, it implements a smoother tax structure in order to encourage better tax compliance. The Goods & Services Tax is destination-based tax charged at the point of consumption. Introduction of GST may have helped only some sectors to benefit from GST in the short term. But the long term advantages are many for all the sectors. While comparing challenges with its advantages, it is clearly visible that its advantages are more compared to challenges; GST will give Indian economy a strong and smart tax system for economic development. But for gaining those benefits, country will need to build strong mechanism.

BIBLIOGRAPHY

1. *Songara Manoj (march 2019), "goods and services tax (GST) in India – an overview and impact" published by advances in management, vol. 12 (1) march (2019).*
2. *A Dash (may-2017), "positive and negative impact of GST on Indian economy" published by international journal of management and applied science, ISSN: 2394-7926, volume-3, issue-5, may-2017.*
3. *Dr. Namita Mishr (27 November 2018) "impact of GST on Indian economy" published by international journal of basic and applied research" ISSN 2249-3352 (p) 2278-0505 (e), volume 8 number 11.*
4. *Jadhav Bhika Lala (June, 2017) "impact of GST on Indian economy" published by international journal of recent scientific research, vol. 8, issue, 6, pp. 17505-17508*
5. *Amandeep kaur (April 2018), "A research paper on impact of GST on Indian economy" published by international journals of advanced research in science and engineering. ISSN 2319-8354 volume number 07, issue number 04.*
6. *Hemlata Tiwari, Shambhu Nath Singh, "Goods and Service Tax: Economic revival of India" (2018)*
7. *Chirag Rana,(2019) "A study on impact of GST on Indian Economy", published by international journal of science and research (IJSR), ISSN: 2319-7064, volume 8 issue 4, April 2019*