International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

A Comparative Study of VAT and GST Rates of FMCG Products

Divya Bharathi Bhandari
[1,]2Student, Gulbarga University India

Submitted: 10-07-2021 Revised: 20-07-2021 Accepted: 23-07-2021

ABSTRACT: The study focuses on the possible impact of GST rates on consumers decision making. Eventually the data related to tax rates of different FMCG products is collected and analysed comparatively in order to identify the possible outcomes and its impact on consumers.
KEYWORDS:VAT, GST, FMCG.

I. INTRODUCTION

This chapter furnishes a precise of the research methodology used in the research on the effect of Goods and Services Tax (GST) on FMCG wholesalers in Raichur. Redman & Mory (2001)defined research as systematic campaign to gain new cognition. In fact, research also is said as an art of scientific investigation. The research methodology is the fashion to figure out the research problem and to acquire the info systematically. It is based on the most effective fashion to obtain useful info with a very minimum price to acquire the consequences of an investigation. Besides that, it may understand as a scientific discipline of poring over how research is done scientifically. The aim of this chapter is to discourse the methods used in the research. It is also a vital component in order to achieve the objectives of the decision in clear, accurate and reliable manner. In this chapter also, we can see the step is generally adopted to know how to collect analysis and interpretations of data. The purpose of this chapter is to describe the research methodology of this study, to explain the sample selection, describe the procedure used in designing and collecting the data, and provide an explanation of the tables used to analyse the data. The research method has been chosen to determine the effect of goods and services tax (GST) to the wholesalers in Raichur.The FMCG sector contributes a significant USD 6.5 billion in direct and indirect taxes. The fast-moving consumer good (FMCG) sector of India comprises more than 50 percent of the food and beverage industry and another 30 percent from personal and household care, thereby spanning the entire rural and urban parts of the country. Reports suggest the sector contributes a significant USD 6.5 billion in direct and indirect taxes. Hence, the sector is likely to see a significant impact once the Goods and Services Tax (GST) Bill is passed as the companies setup warehouses across the states in a bid to have a more tax efficient system.

Research design is defined as the logical and systematic approach in planning and directing a piece of research (Zikmund, Babin, &Carr, 2009). It is the overall plan of how the researcher intends to implement their projects in practice (Draper et al., 1966). It is also stated as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose in procedure (Hafez, 2011). The purpose of research design is to ensure that the evidence obtained enables us to answer the initial objective clearly. There are several types of research design and one of them is pre-experimental designs. The pre experimental design have three common design that is one-short case study, one-group pre-test to the post test design and intact-group comparison. This research is flowing one-shot case study design. It depends on one group is treatment (X) and only one observation (O) is done. The one-short case studies mean one group is exposed to the treatment (X), and only a post test is given to observation (O) or measure the effect on the treatment on the dependent variable within the experimental group. Since it is applied on a single-group, there is no control groupinvolved in this design. In this study, the independent Variable is GOODS AND SERVICE TAX and dependent variable is FMCG wholesalers which is affected by independent variable,and to make sure there is any correlation relationship between independent and dependent variable.

OBJECTIVES OF THE STUDY:-
1) To describe about GST in India.
2) To study the tax rates under GST on FMCG products.

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

3) To compare the different VAT and GST rates on FMCG goods.
4) To analyse whether the impact is positive or negative.

RESEARCH QUESTIONS:-
• What is the impact of GST on FMCG wholesalers?
• How GST is better over earlier tax regime in India?

LIMITATIONS OF THE STUDY:-
1) The study is restricted to only FMCG goods
2) The study considers only few FMCG company's products.
3) The study is restricted to the geographical region of Raichur.
4) The study could not be completed as expected by the Researcher due to the lockdown
and pandemic situation of COVID-19.

DATA COLLECTION METHOD

Data is one of the vital aspects of any research studies. Every research is based on the data which is analysed and interpreted to get information. There are two sources of data. Primary data collection applies surveys, questionnaires, experiments or direct observations. Secondary data collection may be conducted by collecting information from a diverse source of documents.

Primary Data:-

Primary data are the data which are accumulated from the field under the control and superintendence of an investigator. Primary data means original data that have been collected specially for the purpose in mind. This type of data is generally a fresh and collected for the first time. It is useful for current studies as well as for future studies. The collection data tool that has been chosen in this study is field survey. Most of the previous researchers use the field survey method as their data collection tool in the research. The collections of answer will gain through the interview that had been answered by the FMCG wholesalers in Raichur. The field survey was administered to five FMCG wholesalers through direct meet. And the use of field survey in this study does not meddle with the daily routine at the respondent's since it took them only several minutes to collect the data.

Secondary Data:-

Secondary data are the data that have been already collected by and readily available from other sources. Such data are cheaper and more quickly obtainable than the primary data and also may be available when primary data cannot be obtained at all. The researchers will find the secondary data when it is not possible to collect the primary data. We can acquire secondary data based on the research that can begained after go through certain sources such as indicted sources that have been printed or not. Basically, secondary data provide the research to understand more about the topic and give clearer perspective and view on the current Research.
For this project work the data is collected from: -
• Books
• Journals
• Websites etc.

II. GST : AN OVERVIEW

In any Welfare State, it is the prime responsibility of the Government to fulfil the increasing developmental needs of the country and its people by way of public expenditure. India, being a developing economy, has been striving to fulfil the obligations of a Welfare State with its limited resources; the primary source of revenue being the levy of taxes. Though the collection of tax is to augment as much revenue as possible to the Government to provide public services, over the years it has been used as an instrument of fiscal policy to stimulate economic growth. Thus, taxes are collected to fulfil the socio-economic objectives of the Government.

1. What is a tax?

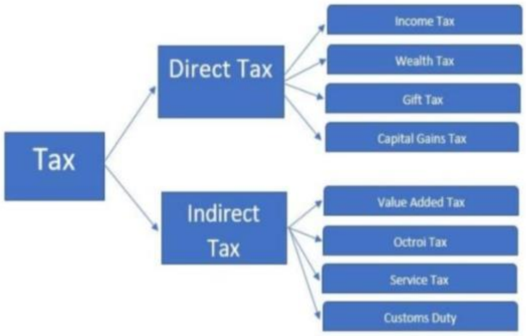
A tax may be defined as a "pecuniary burden laid upon individuals or property owners to support the Government; a payment exacted by legislative authority. A tax "is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority". In simple words, tax is nothing but money that people have to pay to the Government, which is used to provide public services.

2. DIRECT AND INDIRECT TAXES

Taxes are broadly classified into direct and indirect taxes. Direct Taxes: A direct tax is a kind of charge, which is imposed directly on the taxpayer and paid directly to the Government by the persons (juristic or natural) on whom it is imposed. A direct tax is one that cannot be shifted by the taxpayer to someone else. A significant direct tax imposed in India is income tax. Indirect Taxes: If the taxpayer is just a conduit and at every stage the tax incidence is passed on till it finally reaches the consumer, who really bears the brunt of it, such tax is indirect tax. An indirect tax is one that can be shifted by the taxpayer to someone else. Its incidence is borne by the consumers who ultimately consume the product or the service, while the immediate liability to pay the tax may fall upon another person such as a manufacturer or provider of service or seller of

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

goods. Also called consumption taxes, they are regressive in nature because they are not based on the principle of ability to pay. All the consumers, including the economically challenged bear the brunt of the indirect taxes equally. Indirect taxes are levied on consumption, expenditure, privilege, or right but not on income or property. Hitherto, a number of indirect taxes were levied in India, namely, excise duty, customs duty, service tax, central sales tax (CST), value added tax (VAT), entry tax, purchase tax, entertainment tax, tax on lottery, betting and gambling, luxury tax, tax on advertisements, etc. However, indirect taxation in India has witnessed a paradigm shift on July 01, 2017 with utterance into a unified indirect tax regime wherein a large number of Central and State indirect taxes have been amalgamated into a single tax – Goods and Services Tax (GST). The introduction of GST is a very significant step in the field of indirect tax reforms in India. Customs duty will continue in post-GST regime. Economists world over agree that direct and indirect taxes are complementary and therefore, a rational tax structure should incorporate in itself both types of taxes.



3. FEATURES OF INDIRECT TAXES

(I) An important source of revenue: Indirect taxes are a major source of tax revenues for Governments worldwide and continue to grow as more countries move to consumption-oriented tax regimes. In India, indirect taxes contribute more than 50% of the total tax revenues of Central and State Governments.
(ii) Tax on commodities and services: It is levied on commodities at the time of manufacture or purchase or sale or import/export thereof. Hence, it is also known as commodity taxation. It is also levied on provision of services.
(iii) Shifting of burden: There is a clear shifting of tax burden in respect of indirect taxes. For example, GST paid by the supplier of the goods is recovered from the buyer by including the tax in the cost of the commodity.
(iv) No perception of direct pinch: Since, value of indirect taxes is generally inbuilt in the price of the commodity, most of the time the tax payer pays the same without actually knowing that he is paying tax to the Government. Thus, tax payerdoes not perceive a direct pinch while paying indirect taxes.
(v) Inflationary: Tax imposed on commodities and services causes an all-round price spiral. In other words, indirect taxation directly affects the prices of commodities and services and leads to inflationary trend.
(vi) Wider tax base: Unlike direct taxes, the indirect taxes have a wide tax base. Majority of the products or services are subject to indirect taxes with low thresholds.
(vii)Promotes social welfare: High taxes are imposed on the consumption of harmful products (also known as 'sin goods') such as alcoholic products, tobacco products etc. This not only checks their consumption but also enables the State to collect substantial revenue.
(viii)Regressive in nature: Generally, the indirect taxes are regressive in nature. The rich and the poor have to pay the same rate of indirect taxes on certain commodities of mass consumption. This may further increase the income disparities between the rich and the poor.

4. GENESIS OF GST IN INDIA

It has now been more than a decade since the idea of national Goods and Services Tax (GST) was mooted by Kelkar Task Force in 2004. The Task Force strongly recommended fully integrated 'GST' on national basis. Subsequently, the then Union Finance Minister, Shri P. Chidambaram, while presenting the Central Budget (2007-2008), announced that GST would be introduced from April 1,2010. Since then, GST missed several deadlines and continued to be shrouded by the clouds of uncertainty. The talks of ushering in GST, however, gained momentum in the year 2014 when the NDA Government tabled the Constitution (122nd Amendment) Bill, 2014 on GST in the Parliament on

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

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) Bill, 2014 received the assent of the President on 8thSeptember, 2016 and became Constitution (101stAmendment) Act, 2016, which paved the way for introduction of GST in India. In the following year, on 27th March, 2017, the Central GST legislations – Central Goods and Services Tax Bill, 2017, Integrated Goods and Services Tax 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 these bills on 29th March, 2017 and with the receipt of the President's assent on 12th April, 2017, the Bills were enacted. The enactment of the Central Acts was followed by the enactment of the State GST laws by various State Legislatures. Telangana, Rajasthan, Chhattisgarh, Punjab, Goa and Bihar were among the first ones to pass their respective State GST laws. GST is a path breaking indirect tax reform which will create a common national market. GST has subsumed multiple indirect taxes like excise duty, service tax, VAT, CST,

luxury tax, entertainment tax, entry 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 revenue in the most transparent and neutral manner.

5. CONCEPT OF GST

Goods and Services Tax (GST) was introduced in the Indian Constitution through the 101st (Hundred and One) Constitutional Amendment Act, 2016. After the enforcement of Goods and Services Tax (GST), many sectors faced some positive effects as well as negative effects. The enforcement of the tax was for the long-term benefit. There were very few sectors that received an immediate benefit from the implementation of Goods and Services Tax (GST). The long-term benefit requires the patience of citizens. Where one sector in the country faces a positive aspect, on the other hand, the other sector faced the negative aspect. It is very important to know how and to whom the Goods and Services Tax (GST) had impacted. In a country where the population is 133.92 crores, [Source: World Bank, United States Census Bureau], implementation of a new tax regime was not less a big hurdle. It was required that the authority first understand the concept then it will be easy for the citizens to under the concept of "One Nation One Tax". The aim of the government is to bring India in an umbrella of one tax promoting the "One Nation One Tax" system. Implementation of Goods and Services Tax (GST) substituted the regime of Value Added Tax (VAT) in India. It merged all the indirect taxes which was prevailing in the country during the Value Added Tax (VAT) regime.

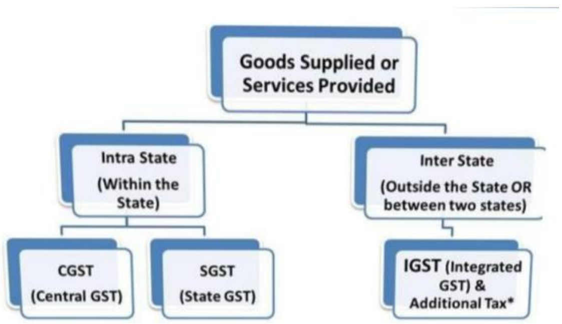
With the imposition of Goods and Service Tax (GST) was a big task in a country like India where new changes are not easily accepted. It was a complex system to understand at first but later it is coming out as a long-term benefit for the country. There is the various sectoral impact of Goods and Services Tax (GST). Some sectors show a positive impact while others show a negative impact. Due to

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

a long-term benefit scheme, there is a less immediate positive impact on Indian society and economy. However, it is expected that there is an expectation of the growth of the Indian Gross Domestic Product (GDP). the only thing is required to have patience and continuous following of rules and GST is a value added tax levied on manufacture, sale and consumption of goods and services.GST offers comprehensive and continuous chain of tax credits from the producer's point/service provider's point up to the retailer's level/consumer's 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 last supplier in the supply chain, with set-off benefits at all the previous stages. Since, only the value added at each stage is taxed under GST, there is no tax on tax or cascading of taxes under GST system. GST does not differentiate between goods and services and thus, the two are taxed at a single rate.

6. NEED FOR GST IN INDIA

In the earlier indirect tax regime, a manufacturer of excisable goods charged excise duty and value added tax (VAT) on intra-State sale of goods. However, the VAT dealer on his subsequent intra-State sale of goods charged VAT (as per prevalent VAT rate as applicable in the respective State) on value comprising of (basic value + excise duty charged by manufacturer + profit by dealer). Further, in respect of tax on services, service tax was payable on all 'services' other than the Negative list of services or otherwise exempted. The earlier indirect tax framework in India suffered from various shortcomings. Under the earlier indirect tax structure, the various indirect taxes being levied were not necessarily mutually exclusive. To illustrate, when the goods were manufactured and sold, both central excise duty (CENVAT) and State-Level VAT were levied. Though CENVAT and State-Level VAT were essentially value added taxes, set off of one against the credit of another was not possible as CENVAT was a central levy and State Level VAT was a State levy. Moreover, CENVAT was applicable only at manufacturing level and not at distribution levels. The erstwhile sales tax regime in India was a combination of origin based (Central Sales Tax) and destination based multipoint system of taxation (State-Level VAT). Service tax was also a value added tax and credit across the service tax and the central excise duty was integrated at the central level. Despite the introduction of the principle of taxation of value added in India - at the Central level in the form of CENVAT and at the State level in the form of State VAT - its application remained piecemeal and fragmented on account of the following reasons: A comprehensive tax structure covering both goods and services viz. Goods and Service Tax (GST) addresses these problems. Simultaneous introduction of GST at both Centre and State levels has integrated taxes on goods and services for the purpose of set-off relief and ensures that both the cascading effects of CENVAT and service tax are removed and a continuous chain of set-off from the original producer's point/ service provider's point up to the retailer's level/consumer's level is established. IN the GST regime, the major indirect taxes have been subsumed in the ambit of GST. The erstwhile concepts of manufacture or sale of goods or rendering of services are no longer applicable since the tax is now levied on "Supply of Goods and/or services".



7. FRAMEWORK OF GST AS INTRODUCED IN INDIA

Dual GST: India has adopted a dual GST which is imposed concurrently by the Centre and States, i.e. Centre and States simultaneously tax goods and services. Centre has the power to tax intra-State sales & States are empowered to tax services. GST extends to whole of India including the State of Jammu and Kashmir. CGST/SGST/UTGST/IGST: GST is a destination-based tax applicable on all

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

transactions involving supply of goods and services for a consideration subject to exceptions thereof. GST in India comprises of Central Goods and Service Tax (CGST) - levied and collected by Central Government, State Goods and Service Tax (SGST) - levied and collected by State Governments/Union Territories with State Legislatures and Union Territory Goods and Service Tax (UTGST) - levied and collected by Union Territories without State Legislatures, on intra-State supplies of taxable goods and/or services. Inter-State supplies of taxable goods and/or services are subject to Integrated Goods and Service Tax (IGST). IGST is approximately the sum total of CGST and SGST/UTGST and is levied by Centre on all inter-State supplies. Legislative Framework There is single legislation – CGST Act, 2017 - for levying CGST.

Similarly, Union Territories without State legislatures [Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu and Chandigarh] are governed by UTGST Act, 2017 for levying UTGST. States and Union territories with their own legislatures

[Delhi and Puducherry] have their own GST legislation for levying SGST. Though there are multiple SGST legislations, the basic features of law, such as chargeability, definition of taxable event and taxable person, classification and valuation of goods and services, procedure for collection and levy of tax and the like are uniform in all the SGST legislations, as far as feasible. This is necessary to preserve the essence of dual GST.

Classification of goods and services HSN (Harmonized System of Nomenclature) code is used for classifying the goods under the GST. A new Scheme of Classification of Services has been devised wherein the services of various descriptions have been classified under various sections, headings and groups. Each group consists of various Service Codes (Tariff).

Chapters referred are the Chapters of the First Schedule to the Customs Tariff Act, 1975.

Registration Every supplier of goods and/ or service is required to obtain registration in the State/UT from where he makes the taxable supply if his aggregate turnover exceeds ` 20 lakh during a FY. However, the limit of ` 20 lakh will be reduced to ` 10 lakh if the person is carrying out business in the Special Category States – [11 Special Category States are specified in Article 279A(4)(g) of the Constitution] - States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand.

VI. Composition Scheme in GST regime, tax (i.e. CGST and SGST/UTGST for intra-State supplies and IGST for inter-State supplies) is payable by every taxable person and in this regard, provisions have been prescribed in the law. However, for providing relief to small businesses making intra-State supplies, a simpler method of paying taxes and accounting thereof is also prescribed, known as Composition Levy.

VII. Exemptions Apart from providing relief to small-scale business, the law also contains provisions for granting exemption from payment of tax on essential goods and/or services.

VIII. Manner of utilization of ITC Input Tax Credit (ITC) of CGST and SGST/UTGST is available throughout the supply chain, but cross utilization of credit of CGST and SGST/UTGST is not possible, i.e. CGST credit cannot be utilized for payment of SGST/UTGST and SGST/UTGST credit cannot be utilized for payment of CGST. However, cross utilization is allowed between CGST/SGST/UTGST and IGST, i.e. credit of IGST can be utilized for the payment of CGST/SGST/UTGST and vice versa.

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

IX. SEAMLESSFLOWOFCREDIT:-

Since GST is a destination-based consumption tax, revenue of SGST ordinarily accrues to the consuming States. The inter-State supplier in the exporting State is allowed to set off the available credit of IGST, CGST and SGST/UTGST (in that order) against the IGST payable on inter-State supply made by him. The buyer in the importing State is allowed to avail the credit of IGST paid on inter-State purchase made by him. Thus, unlike the earlier scenario where the credit chain used to break in case of inter-State sales on account of non-VAT able CST, under GST regime there is a seamless credit flow in case of inter-State supplies too.

The revenue of inter-State sale does not accrue to the exporting State and the exporting State transfers to the Centre the credit of SGST/UTGST used in payment of IGST. The Centre transfers to the importing State the credit of IGST used in payment of SGST/UTGST. Thus, the inter- State trade of goods and services (IGST) needed a robust settlement mechanism amongst the States and the Centre.

A Common Portal was needed which could act as a clearing house and verify the claims and inform the respective Governments to transfer the funds. This was possible only with the help of a strong IT Infrastructure.

X. GST COMMON PORTAL:-

Resultantly, Common GST Electronic Portal – www.gst.gov.in – a website managed by Goods and Services Network (GSTN) [a company incorporated under the provisions of section 8 of the Companies Act, 2013] has been set by the Government to establish a

uniform interface for the tax payer and a common and shared IT infrastructure between the Centre and States. The GST portal is accessible over Internet (by taxpayers and their CAs/Tax Advocates etc.) and Intranet by Tax Officials etc. The portal is one single common portal for all GST related services. A common GST system provides linkage to all State/ UT Commercial Tax Departments, Central Tax authorities, Taxpayers, Banks and other stakeholders. The eco-system consists of all stakeholders starting from taxpayer to tax professional to tax officials to GST portal to Banks to accounting authorities. Primarily, GSTN provides three front end services to the taxpayers namely registration, payment and return through GST Common Portal.

The functions of the GSTN include:

❖ facilitating registration;

❖ forwarding the returns to Central and State authorities;

❖ computation and settlement of IGST;

❖ matching of tax payment details with banking network;

❖ providing various MIS reports to the Central and the State Governments based on the taxpayer return information;

❖ providing analysis of taxpayers' profile; and running the matching engine for matching, reversal and reclaim of input tax credit.

XI. GSPs/ASPs

GSTN has selected certain IT, Its and financial technology companies, to be called GST Suvidha Providers (GSPs). GSPs develop applications to be used by taxpayers for interacting with the GSTN. They facilitate the tax payers in uploading invoices as well as filing of returns and act as a single stop shop for GST related services. They customize products that address the needs of different segment of users. GSPs may take the help of Application Service Providers (ASPs) who act as a link between taxpayers and GSPs.

8. BENEFITS OF GST

GST is a win-win situation for the entire country. It brings benefits to all the stakeholders of industry, Government and the consumer. It will lower the cost of goods and services, give a boost to the economy and make the products and services globally competitive. The significant benefits of GST are discussed here under:

1) Creation of unified national market: GST aims to make India a common market with common tax rates and procedures and remove the economic barriers thus paving the way for an integrated economy at the national level.

2) Mitigation of ill effects of cascading: By subsuming most of the Central and State taxes into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, it would mitigate the ill effects of cascading, improve competitiveness and improve liquidity of the businesses.

3) Elimination of multiple taxes and double taxation:GST has subsumed majority of existing indirect tax levies both at Central and State level into one tax i.e., GST which is leviable uniformly on goods and services. This will make doing business easier and will also tackle the highly disputed issues relating to double taxation of a transaction as both goods and services.

4) Boost to ‘Make in India' initiative: GST will give a major boost to the ‘Make in India' initiative of the

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

Government of India by making goods and services produced in India competitive in the national as well as international market.

5) Buoyancy to the Government Revenue: GST is expected to bring buoyancy to the Government Revenue by widening the tax base and improving the taxpayer compliance.

9. CONSTITUTIONAL PROVISIONS

India has a three-tier federal structure, comprising the Union Government, the State Governments and the Local Government. Thepower to levy taxes and duties is distributed among the three tiers of Governments, in accordance with the provisions of the Indian Constitution. The Constitution of India is the supreme law of India. It consists of a Preamble, 25 parts containing 448 Articles and 12 Schedules. Power to levy and collect taxes whether, direct or indirect emerges from the Constitution of India. In case any tax law, be it an act, rule, notification or order is not in conformity with the Constitution, it is called ultra vires the Constitution and is illegal and void. Thus, a study of the basic provisions of the Constitution is essential for understanding the genesis of the various taxes being imposed in India. The significant provisions of the Constitution relating to taxation are:

Article 265: Article 265 of the Constitution of India prohibits arbitrary collection of tax. It states that “no tax shall be levied or collected except by authority of law”. The term “authority of law” means that tax proposed to be levied must be within the legislative competence of the Legislature imposing the tax

Article 245: Part XI of the Constitution deals with relationship between the Union and States. The power for enacting the laws is conferred on the Parliament and on the Legislature of a State by Article 245 of the Constitution. The said Article provides as under: Subject to the provisions of this Constitution, Parliament may make laws for the whole or any part of the territory of India, and the legislature of a State may make laws for the whole or any part of the State. No law made by the Parliament shall be deemed to be invalid on the ground that it would have extra-territorial operation.

Article 246: It gives the respective authority to Union and State Governments for levying tax. Whereas Parliament may make laws for the whole of India or any part of the territory of India, the State Legislature may make laws for whole or part of the State.

Seventh Schedule to Article 246: It contains three lists which enumerate the matters under which the Union and the State Governments have the authority to make laws. Entries 82 to 91 of List I enumerate the subjects where the Central Government has power to levy taxes. Entries 45 to 63 of List II enumerate the subjects where the State Governments have the power to levy taxes. Parliament has a further power to make any law for any part of India not comprised in a State even if such matter is included in the State List.

Income tax is levied by virtue of Entry 82 –

Taxes on income other than agricultural income and customs duty vide Entry 83 - Duties of customs including export duties of the Union List. Power to levy Goods and Services Tax (GST) has been conferred by Article 246A of the Constitution which was introduced by the Constitution (101st Amendment) Act, 2016. Before discussing the significant provisions of the Constitution (101st Amendment) Act, 2016, let us first understand why there arose a need for such constitutional amendment.

Need for constitutional amendment

The Constitutional provisions hitherto had delineated separate powers for the Centre and the States to impose various taxes. Whereas the Centre levied excise duty on all goods produced or manufactured in India, the States levied Value Added Tax once the goods entered the stream of trade upon completion of manufacture. In the case of inter-State sales, the Centre had the power to levy a tax (the Central Sales Tax), but the tax was collected and retained entirely by the States. Services were exclusively taxed by the Centre together with applicable cases, if any. Besides, there were State specific levies like entry tax, Octroi, luxury tax, entertainment tax, lottery and betting tax, local taxes levied by Panchayats etc. With respect to goods imported from outside the country into India, Centre levied basic customs duty and additional duties of customs together with applicable cases, if any. Introduction of the GST required amendment in the Constitution so as to enable integration of the central excise duty including additional duties of customs, State VAT and certain State specific taxes and service tax levied by the Centre into a comprehensive Goods and Services Tax and to empower both Centre and the States to levy and collect it. Consequently, Constitution (101st Amendment Act), 2016 (hereinafter referred to as Constitution Amendment Act) was passed. It has 20 sections. Newly inserted Article 279A empowering President to constitute GST Council was notified on 12.09.2016. Remaining provisions were notified with effect from 16.09.2016. Significant provisions of Constitution (101st Amendment) Act, 2016Significant amendments made by Constitution Amendment Act are discussed below:

Article 246A: Power to make laws with respect to Goods and Services Tax: Newly inserted Article 246A

(1) Notwithstanding anything contained in Articles 246 and 254, Parliament, and, subject to clause (2), the Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State.

(2) Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce. Explanation. —The provisions of this article, shall, in respect of goods and services tax referred to in clause (5) of article 279A, take effect from the date recommended by the Goods and Services Tax Council. This article grants power to Centre and State Governments to make laws with respect to GST imposed by Centre or such State.

Centre has the exclusive power to make laws with respect to GST in case of inter-State supply of goods and/or services. However, in respect to the following goods, the aforesaid provisions shall apply from the date recommended by the GST Council: The provisions of Article 246A are notwithstanding anything contained in Articles 246 and
254. Article 254 deals with the supremacy of the laws made by Parliament.

Article 269A: Levy and collection of GSTs on inter-State supply. Article 269A stipulates that GST on supplies in the course of inter-State trade or commerce 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. In addition to above, import of goods or services or both into India will also be deemed to be supply of goods and/ or services in the course of Inter-State trade or Commerce. This will give power to Central Government to levy IGST on the import transactions which were earlier subject to Countervailing duty under the Customs Tariff Act, 1975. Where an amount collected as IGST has been used for payment of SGST or vice versa, such amount shall not form part of the Consolidated Fund of India. This is to facilitate transfer of funds between the Centre and the States. Parliament is empowered to formulate the principles regarding place of supply and when supply of goods, or of services, or both occurs in interstate trade or commerce. Definitions of 'Goods and Services Tax', 'Services' and 'State' incorporated under Article 366The terms Goods and Services Tax, services and State have been defined under respective

clauses of Article 366 as follows:

▪ Goods and services tax mean any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption. ARTICLE366(12A) Consequently, GST can be levied on supply of all goods and services except alcoholic liquor for human consumption.

▪ Services means anything other than goods. ARTICLE 366 (26A)

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

▪ State, with reference to articles 246A, 268, 269, 269A and article 279A, includes a Union territory with Legislature.

Definition of “goods”: The term goods has already been defined under clause (12) of Article 366 in an inclusive manner to provide that “goods includes all materials, commodities, and articles”.

GST Council: Article 279A

▪ Article 279A of the Constitution empowers the President to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).

▪ The provisions relating to GST Council came into force on 12th September, 2016. President constituted the GST Council on 15th September, 2016.

▪ The Union Finance Minister is the Chairman of this Council and Ministers in charge of Finance/Taxation or any other Minister nominated by each of the States & UTs with Legislatures are its members. Besides, the Union Minister of State in charge of Revenue or Finance is also its member.

▪ The function of the Council is to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution etc.

▪ It shall also recommend the date on which GST be levied on petroleum crude, high speed diesel, motor spirit, natural gas and aviation turbine fuel.

IMPACT OF GST ON DIFFERENT SECTORS IN INDIAN ECONOMY: -

Impact on Export and Import Sector

Before the enforcement of the Goods and Services Tax (GST), Export and Import were governed by the Service Tax, Value Added Tax, Excise Duty and Customs Duty. These were imposed on the Import and Export goods and services. When Goods and Services Tax (GST) was introduced all these taxes were merged into one. But the Basic Customs Duty (BCD) continues to work on the import bills.

Impact of GST on import

When any goods and services are imported then it is the duty of the importer to pay the Integrated Goods and Service Tax (IGST) and Customs Duty. Integrated Goods and Services Tax (IGST) is a tax that is imposed on the supply of Goods and Services which takes place Inter-State. IGST Act governed these transactions. Integrated Goods and Services Tax (IGST) applies to the supply of goods and services which are imported to India as well as which are exported by India. Note: The import of goods and services are Inter-State supplies and therefore a person is responsible for paying the Integrated Goods and Services Tax (IGST) and Basic Custom Duty (BCD)Integrated Goods and Services Tax (IGST) is substituted by all the taxes which were governing the imports of goods and services before the GST. Those taxes were: -

1. Special Additional Duty (SAD)
2. Countervailing Duty (CVD)

IGST, which is applied to the imported goods and services, is based on the rate of tax which is applicable to the imported goods in India. Importer of goods has the power to claim all the Input Tax Credit of IGST which is paid by him on the import of goods and services, but in such case tax credit on the paid custom duty will not be obtainable and the cost will be borne by the importer.

When Integrated Goods and Services Tax (IGST) is applied, then: -

1. The exports will be zero-rated
2. The Central Government and the State Government will share the tax.

Impact of GST on export

The goods and services which are imported in the country are inter-state supplies, therefore, a person who is importing the goods and services is liable to pay the Integrated Goods and Services Tax (IGST). It will be paid on the reverse charge basis by the importer of goods and supplies. There shall be no imposition of Goods and Services Tax (GST) on the goods and services which are exported. However, when there is the export of raw materials and input of those goods which are exempted from the Goods and Services Tax (GST), then the person exporting the raw material and input are liable to pay the tax. Exporters may claim the Integrated Goods and Services Tax (IGST) and other taxes which are paid by then in the inputs. They may claim IGST when it is paid by the exporter in the input tax credit scheme.

When Goods and Services Tax (GST) was introduced in India it relaxed the Export Tax. Relaxation of tax on the export helped in decreasing the product cost. There is also a relaxation in the availability of input credits on all related services. Ultimately this will help the country to grow in the economic sector as the export industries will flourish due to relaxation in the export tax.

Impact of GST on Business

Goods and Services Tax (GST) has a huge impact on the medium and small enterprises. Business owners of the small and medium-sized are under liability to pay the various taxes. They have to approach the numerous departments to accomplish the work or documentation related to the tax. Owners of the small and medium enterprises are under liability to pay the tax up to 32% which was the total

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

tax charged or collected by the Central Government and the State Government. When Goods and Services Tax (GST) was imposed or implemented the small and medium enterprises are now accountable to pay 18 to 22 percent of tax which is much lessened to the previous tax. Also, the owner of small and medium enterprises does not have to visit the distinct departments for the purpose of paying the various taxes.

Direct impact on the medium and small enterprises

1. Goods and Services Tax (GST) is building a platform for the new business in the country. It gives an opportunity to start a new work or business. Before the implementation of the Goods and Services Tax (GST), there is a requirement of Value Added Tax (VAT)
registration for all the business. The Value Added Tax (VAT) registration was different in every state. As the registration was different in all the states, the rules and regulations were also different. The entire process was quite disoriented. However, after the imposition of Goods and Services Tax (GST), there is a requirement of only one registration and that too with Goods and Service Tax (GST) which is controlled by the Central, same as service tax.
2. It is compulsory on the part of every business to pay the Value Added Tax (VAT) if the annual turn comes out to be more than five lakhs in some states and in some other states it is more than 10 lakhs. The different Value Added Tax (VAT) creates confusion for the business.
3. After Goods and Services Tax (GST), businesses are not required to pay the Goods and Services Tax (GST) or to register when the annual turnover of the business is 10 lakhs. The
provision is applicable to all the states. The provision is helpful for all the small or medium businesses, having a turnover between 5 lakhs to 10 lakhs, to avert applying for the return of Goods and Services Tax (GST).
4. Goods and Services Tax (GST) provides a platform for small and medium-sized businesses
to work in India by applying their ability. There is less confusion or complexity after the Goods and Services Tax (GST) provision. Now, there will be no difference between the goods and services and at last, this will help in making the compliance easy.

Impact of GST on Indian Economy

Goods and Services Tax (GST) is extremely useful for the economy of India for a long-term basis. The reason for the benefit of the Good and Services Tax (GST) is due to the uniformity of taxes. It merges all the indirect taxes which was prevailing in India during the Value Added Tax (VAT).Goods and Services Tax (GST) helps the business sector to grow and to become strong by bringing transparency. When the business sector will flourish it will help in creating further employment which will ultimately lead to reducing the burden of the tax. Goods and Services Tax (GST) have a consistent scheme of the tax for the goods and services across India, i.e. 0%, 5%, 12%, 18%, and 28%. The tax rate of some goods or products is different from the rest such a gold, precious stones and semi-precious stones. Special rates of taxes are levied in such products. Things such as luxury cars, tobacco, carbonated beverages, etc., are subjected to 22% of the additional cess. Goods and Services Tax (GST) in comparison to the previous indirect laws relating to the taxes provided a broader base for the taxes. The Central Excise Law exempts the small-scale units i.e. SSI having a turnover up to Rs. 1.5 crore from levy the duty. Exemption under the service tax law was given when the previous financial year has accumulated turnover up to Rs. 10 lakhs. The lower limit for the purpose of levying the Value Added Tax (VAT) varies from one state to another state i.e. between Rs. 5 lakhs to Rs. 20 lakhs. But in the Goods and Services Tax (GST) scheme, the lower limit for the purpose of levying the Goods and Services Tax (GST) was set or settled at Rs. 20 lakhs. But in some circumstances i.e. for special category States, the lower limit is fixed at Rs. 10 lakhs. Goods and Services Tax (GST) had included within it all the small suppliers. It was observed that many suppliers had registered themselves intentionally and freely so that they may avail all the benefits relating to the input tax credit. Micro, Small and Medium Enterprises (MSME's) has suffered some sort of complications with the new tax regime i.e. Goods and Services Tax (GST). All the Micro, Small, and Medium Enterprises (MSME's) are suffering problems to conduct their business as there is a requirement of registration in every state from where the MSMEs are formulating a supply. Goods and Services Tax (GST) is helping the Micro, Small and Medium Enterprises (MSME's) in developing the ability for the purpose of maintaining the account book. Maintenance of the account book will ultimately help the enterpriser to get a loan from any bank or financial institution. This will help them to increase their business. They will now borrow the money from the formal sector and will no longer rely on the informal sector for obtaining the loan. The country like India really demands a strong Micro, Small and Medium Enterprises (MSME's) which helps in creating more employment. Goods and Services Tax (GST) helps in controlling the tax evasion. Permanent Account Number (PAN) which is issued by the income tax department is linked with

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

the Goods and Services Tax (GST) number i.e. This helped in establishing a relationship between indirect taxes and direct taxes. This ultimately aid or support in reducing the evasion of tax to an enormous extent. During the regime prior to the Goods and Services Tax (GST), there were many cases of tax evasion. When the taxpayers disclose their turnover under the indirect tax law and the direct tax law both differed from each other, which gives a path to the evasion of tax. After the implementation of the Goods and Services Tax (GST), there is an expectation of an increase in the tax Gross Domestic Product (GDP) ratio. The expectation is that the basis points (bps) will increase up to thirty in the financial year of 2018-2019 each and 2019-2020. This was stated by the table of medium-term expenditure framework (MTEF) in the lower house i.e. Lok Sabha. The databases of the indirect tax and the direct tax are linked together, it helps the data analytical tools to remove all the inconsistency and also helps the authorities of revenue to take a mandatory action. Summing up the whole, an increase in the ratio of Gross Domestic Product (GDP) will overall helps in lowering the rate of tax in India. Goods and Services Tax (GST) will help the Indian economy on a long-term basis.

Impact of GST on Real-estate

The imposition of Goods and Services Tax (GST) has some positive impact on the property and real estate. Property buyers are in profit due to the Goods and Services Tax (GST). 12% Goods and Services Tax (GST) charges of property value are liable on all under-construction properties. It does not include the stamp duty and the charges on the registration. Previously this provision was applied in the properties which are prepared or ready. There is an increase in the profit for the builders and the developers due to the input tax credit. This will additionally pass the profit to homebuyers. According to changed tax scheme, the under-construction properties i.e. flats and buildings will be charged 18% Goods and Services Tax (GST) in which 9% will be State Goods and Services Tax (SGST) and 9% will be Central Goods and Services Tax (CGST). The government has the power to deduct the land value equal to the 1/3rd of the total amount which is charged by the builder. It will make the efficient rate of tax as 12%.

Note: - In the real estate sector, a 12% tax rate is for building materials there will be no effect on the value of the flat.

Positive impact on buyers

Goods and Services Tax (GST) have some positive impact on the prices of the property. It makes the tax system easy for all the buyers. Before Goods and Services Tax (GST), buyers were accountable to pay the taxes which depends upon the property's construction status and the state in which the property is located. Buyers were also liable to pay the Value Added Tax (VAT), stamp duty, service tax, and registration charges when they buy the under construction property. But when they buy the property which was ready or completed, they are liable to pay registration charges and stamp duty. The state has the power to levy the stamp duty, Value Added Tax (VAT) and Registration Charges and all the figures of tax differ from state to state. Central has the power to levy the service tax and it was charged upon the construction. This makes the tax scheme very much complicated for all the buyers, but Goods and Services Tax (GST) had made this simpler.

Under Goods and Services Tax (GST) regime, tax is charged upon all the under-construction properties are at 12% of the value of the property. It does not include the registration charges and stamp duty. There was no imposition of indirect tax on the sale of property which is ready-to-move that is why there is no applicability of Goods and Services Tax (GST) on sale of the ready-to-move properties.

Positive impact on Builders

Before the enforcement of the Goods and Services Tax (GST), a developer or builder had to pay Value Added Tax (VAT), Central Excise Duty and Entry taxes which was the state domain, the state was collecting those taxes on the cost of construction material. Developer and the builder were also liable to pay the tax at 15% for services such as approval charges, architect
fees, labour, legal character, etc. After the Goods and Services Tax (GST), there was not much variation in the construction costs. In addition, logistics reduced cost will lead to a lessening of the expenses. To increase the profit, the input tax credit is helpful.

Impact on Iron and Steel

Tax Laws relating to the Iron and Steel There are Three types of taxes are applied or imposed on the manufacturing of iron and steel. Those taxes are: -

1. 12.5% of Excise Duty
2. 5% of the Average Value Added Tax (VAT)
3. 2% Central Sales Tax (CST)

When we see, there is a total of 19.5% net tax which is imposed upon the iron and steel. If there is an article which is manufactured of iron and steel are charged at the rate of 19.5%. The rate of the tax charged is similar to the tax rate for manufacturing iron and steel. In Punjab, the Value Added Tax

(VAT) is 2.5% for the substances or commodities which are of iron and steel there the pattern of tax charged is not the same in whole India

Impact after Goods and Services Tax (GST)

Materials like iron and steel are very useful and utilized in everyday life. Goods and Services Tax (GST) has a positive impact on the iron and steel and material made up of these. Kitchen utensils that are useful in day to day life become cheaper than the previous. Utensils like pan, stainless steel cooker and many more are now charged with 12% of Goods and Services Tax (GST). Tt is charged 7.5% less than the current tax laws. There are benefits for all the steel-related companies as there is a 5% low tax rate on all the large inputs used by them under the Goods and Services Tax (GST). These inputs are iron ore, coal, etc. All the industries relating to the Iron and Steel are getting benefits with the introduction of the Goods and Services Tax (GST). There is an expectation that it will help in furthermore benefits by reducing or lowering the input tax and logistics.

Impact on Entertainment Industry

Before the enforcement of Goods and Services Tax (GST), the entertainment section pays many taxes. They are not limited to one tax. They pay the central tax, state tax and also tax imposed by the local authorities. But, when Goods and Services Tax (GST) was imposed they were liable to pay only one tax. Before the implication of Goods and Services Tax (GST)Before the enforcement of the Goods and Services Tax Act, 2017, entertainment tax was imposed on different entertainment services. Value Added Tax (VAT) and service tax were imposed in various services of the entertainment i.e. nutriment provided in the Cinemas. The Value Added Tax (VAT) charged was 14.5% and the service tax charged was 15%. The entertainment sector was enjoying a subsidy of 60% on the service tax and therefore they were required to pay the service tax at the rate of 6% i.e. 40% of the 15%. The entertainment sector was paying the 20.5% tax along with the entertainment tax. After the implication of Goods and Services Tax (GST)After the enforcement of the Goods and Services Tax (GST), all the scattered taxes upon the entertainment sector was subsumed in one i.e. GST.Goods and Services Tax (GST) were ranging between 18% to 28%. The tax rate was totally dependent upon the kinds of the Entertainment Services.

Things within the 18% Goods and Services Tax(GST):-
1. Circus
2. Television and DTH services
3. Theatre
4. Movie Tickets (Tickets costing up to Rs.100 have GST 12% and tickets costing more than Rs. 100 have GST 18%)

Things within the 28% Goods and Services Tax (GST):-
1. Racing
2. Casinos
3. Amusement parks
4. Movie events and festivals
5. Sporting event

Impact of Goods and Services Tax (GST) on consumers

Goods and Services Tax (GST) has given an overall profit to the entertainment sector. The tax on the movie ticket was 30% and there was 20.5% of the Value Added Tax (VAT) along with the service tax on the foods which a person buys from the theatre. But, after Goods and Services Tax (GST), a tax imposed upon the ticket was 28% and tax on the foods in the cinemas are charged at 18%.But here we see different results relating to the impact of Goods and Services Tax (GST) on the entertainment sector. Reason for various consequences are: -
• Low tax on entertainment service in some states.
• No tax on entertainment services in some state.

When Goods and Services Tax (GST) was imposed in these states, they suffer a rise in the tax on the entertainment sector. However, it was low for those states where the tax on entertainment services was high. But, if we compare, Goods and Services Tax (GST) was quite low in comparison to the tax system, i.e. Value-Added System (VAT) and Service Tax, which was prevailing before GST.State also has the power to include or charge Local Body Tax (LBT) in addition to the tax which was discussed above under Goods and Services Tax (GST). Local bodies also have the power to impose a further charge, under Goods and Services Tax (GST), on the entertainment services in their respective area.

Impact of Goods and Services Tax (GST) on Owner of Entertainment Service

According to the Goods and Services Tax (GST) regime, the owner of the entertainment service is also liable to pay the tax for the services in entertainment. They will also pay the tax on the sale of the tickets, food, etc.

Impact of GST on Hotel and Tourism

Income generated from the hotel and tourism plays a vital role in the Indian economy. They help in increasing the Gross Domestic Product (GDP) of India. This is why every State Government keeps on promoting the tourism of their state by various

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

advertisements. Rate of Goods and Services Tax (GST) differs for the hotels because of the tariffs.

1. If the tariffs range Rs 1000 and less then there will be no Goods and Services Tax (GST).
2. If the tariff range between Rs. 1000 to Rs. 2500 then Goods and Services Tax (GST) will be 12%.
3. If the tariff range between Rs. 2500 to Rs. 7500 then Goods and Services Tax (GST) will be 18%.
4. If the tariff is more than Rs. 7500 then Goods and Services Tax (GST) will be 28%.

There is 5% of Goods and Services Tax (GST) on the person who operates the tour. But there is an expectation that as the Goods and Services Tax (GST) had lower the tax rate on the operators of the tour the price of the tour packages will also show the down graph.

Impact of GST on Banking Sector

With the imposition of Goods and Services Tax (GST), the banking sector became more expensive. Previously, the tax on all the services relating to the banking was 15% but after the enforcement of Goods and Services Tax (GST), the tax rate on all the banking service was increased to 18%. These are some of the impacts of Goods and Services Tax (GST) on banking sector: -

• Each branch of Banks must have separate registration:- After the implementation of the Goods and Services Tax (GST), every bank is required to obtain a separate registration for all the branches within them. Before Goods and Services Tax (GST), all the employees working in the banks are getting out of their relief mode because there was a concept of "single centralized registration" for all the branches of banks. It was a complex task to be done in a country like India because there were excessive numbers of banks having a more excessive number of branches prevailing in India.

• The transaction between banks is not free:-

After the implication of Goods and Services Tax (GST), the money transaction, whether it was internally or externally, between the two different banks where done by imposing the tax.

Before the GST, it was free.

• Dependency upon CGST and SGST:-

Under Goods and Services Tax (GST), there are two different kinds of taxes prevailing in India. First, Central Goods and Services Tax (CGST) and second is State Goods and Services Tax (SGST). CGST is the domain of Government and SGST is the domain of State Government. With the advent of these two types of Goods and Services Tax (GST) the whole code or protocol of the banks and relating sector are altered in a stipulation of the service which they provide to all consumers.

• Point of supply identification

Every consumer or customer having their account in any bank has been offered a "point of supply identification". This helps the customers in the transfer of money in any part of India. If a person has an account in a remote area, he will easily transfer the money with the limitation of amount subjected to the rules stated by the Reserve Bank of India (RBI).

• Input Tax Credit in GST

Before the imposition of Goods and Services Tax (GST), the input tax credit was not granted in accordance with the Central Value Added Tax (CENVAT) protocols or code. However, after the Goods and Services Tax (GST), the input credit tax is acknowledged to all the banks which will ultimately reduce the evasion of tax when there are external supply funds.

• Growth of transaction

After Goods and Services Tax (GST), the banking sector has approached in the whole of India and even in the acquaintance countries for the purpose of ensuring the continuous and steady business. The sudden growing and spreading of business will lead to increasing the claim of funds. And as the demand for funds will increase this will ultimately benefit the banks because of expansion in the number of transactions.

• Distinctiveness in services

Every bank gives a variety of services to all of its customers or consumers such as credit card, debit card, internet banking, etc. When Goods and Services Tax (GST) came into force, there was an amendment in the rules and regulations relating to the banks and this emerged as the up-gradation of all the system including the Automated Teller Machine (ATM) and all the systems related to the transaction as demanded by the department of IT.

Impact of GST on Supply Chain

Supply Chain

It is a type of web or chain which lies between a corporation or company and its supplier for production and distribution of a particular product to an ultimate buyer or purchaser. It represents the process that was taken from receiving the product from its original character to the consumer. The supply of chain is necessary for the purpose of proper running of trade and business which is producing and circulating the product and material. There is some impact on this sector after the implementation of Goods and Services Tax (GST) which are: -

1. Enhancement and advancement of the stock points.
2. Reduction in the channel inventories.

Channel Inventories means average product left in the retail store's "shelves" which is not sold or taken by the end consumer,

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

1. There will be a straight or direct benefit for the procurement out of state.
2. Benefit in the logistic cost.

Now a day, the logistics industry is considered as the backbone of the Indian Economy. When Goods and Services Tax (GST) was imposed as a new tax regime for the Indian economy system the logistics sector was improvised as the activities like corruption was reduced. Now, there is less transportation time as Goods and Services Tax (GST) had made the time catching clearance procedure much easier. The revenue related to the business was increased and the total logistic cost is also reduced by the Goods and Services Tax (GST).

Impact of GST on Textile Sector

Goods and Services Tax (GST) has shown its positive impact upon the textile and readymade garments. They are benefited from this new scheme of tax. Some of the benefits which Goods and Services Tax (GST) provided to the textile sector are: -

1. The input credit system or chain is now broken
2. The price for the manufacturing of goods is now lower in comparison to the previous tax regime.
3. Input credit is now granted in the capital goods

After the implementation of Goods and Services Tax (GST), all readymade garments which range up to Rs. 1000 are exempted from the terms and clause of the Goods and Services Tax (GST) and where the garments are branded ranging above Rs. 1000 then 12% of tax will be levied upon them.

Product	Previously taxed at	Currently taxed at	Companies impacted
Detergents	23%	28%	HUL, P&G, Jyothi Laboratories
Shampoo	24-25%	28%	HUL, P&G, Dabur, Himalaya, Patanjali
Sanitary napkins	10-11%	18%	P&G Hygiene and Health Care
Skincare	24-25%	28%	HUL, Dabur, Himalaya, Patanjali
Hair dyes	23-28%	28%	Godrej Consumer Products
Ayurvedic medicine	7-10%	12%	Dabur, Emami
Toothpastes, soaps, hair oil	22-24%	18%	Colgate-Palmolive, HUL, P&G
Paints	25-26%	28%	Asian Paints, Berger Paints, Nerolac
Branded paneer	3-4%	5%	Nestle, Mother Dairy
Butter, ghee, cheese	4-5%	12%	Amul, Nestle, Mother Dairy

Impact of GST on FMCG sector

The fast-moving consumer goods (FMCG) segment is the fourth largest sector in the Indian economy. It has grown from US$ 9 billion in FY 2000 to US$ 49 billion in FY 2016-17 and has an expected compound annual growth rate (CAGR) of 20.6 percent to reach US$ 103.7 billion by 2020, according to the India Brand Equity Foundation's July 2017 presentation. Within the FMCG sector, food products are the leading segment, accounting for 43 percent of the overall sector. Personal care (22 percent) and fabric care (12 percent) come next in terms of market share. Growing awareness, easier access, and changing lifestyles have been the key growth drivers for the sector. With this sector growing at such a rapid pace, many businesses would like to know how the post-Goods and Services Tax (GST) scenario looks for FMCG. Will FMCG benefit from GST or not? Will the prices of goods increase or decrease? Who will bear the ultimate tax burden? The total current tax rate for the FMCG industry is around 22-24 percent. Under GST, the tax rate comes to an average of 18-20 percent. Companies such as Patanjali, ITC, HUL, and Marico are either slashing the prices of goods or increasing the volume of the product on dispatches made from 1 July onward, extending the tax benefits to consumers under the GST regime. In particular, HUL has slashed the price of its detergent soap Rin bar of 250 gm from Rs18 to Rs 15 and increased the weight of its Surf Excel bar costing Rs 10 from 95 gm to 105 gm. Lower prices could potentially support volume growth for certain products, particularly in the rural segment. "We believe it could result in a faster consumption shift from unbranded to branded products, spurring volume growth for FMCG companies. Simultaneously, it will also bring operational efficiency with rationalization of supply chain by removing bottlenecks," says Sanjay Manyal, Analyst, ICICI Securities. He also pointed out that tax exemption provided to several critical products required for food processing — jaggery, cereals, and milk — would benefit this industry. Top gains and losses Wondering who will gain and who will lose from the new GST structure? Companies such as Marico will benefit from the change in the rates of edible oil, and the rates of hair oil have decreased in their favour as well. Colgate-Palmolive will also gain under GST, as toothpaste will become cheaper now. On the other hand, gifting dry fruits on festivals will become an expensive affair now as the rates have increased from 4-5 percent to 12 percent. Also, the rates of dairy products like ghee, butter, and cheese have increased from an average of 4-5 percent to 12 percent. Companies like Amul and Nestle will likely revise prices on their products as a result of GST.Other aspects

• Reduction in logistics costs: The FMCG sector will also benefit from GST by saving a considerable amount of expenses on logistics. Distribution costs for the FMCG sector currently amount to 2-7 percent of the total cost, but are expected to drop to 1.5 percent after implementation of GST software. Due to the smoother supply chain management in regards to paying tax, claiming input credit, and removing CST under the GST regime, there will be a cost reduction in terms of transportation and storage of goods. The reduction in taxes and distribution costs should enable companies to lower prices on consumer goods.

• Increase in effective tax rates: Aerated beverages have been placed in the highest tax slab of 28 percent and will now attract an additional tax of 12 percent. Beverage companies have said the effective tax rate of 40 percent on sweetened aerated water and flavoured water under GST is against the stated policy of maintaining parity with the existing weighted average tax, which is significantly below 40 percent. "This increase will have a negative ripple effect and hurt the entire ecosystem of farmers, retailers, distributors, and bottlers in India. This increase in tax will further limit the growth of the beverage industry," said the Indian Beverage Association (IBA) in a statement. Therefore, there are some instances where the tax rate under GST is higher than the present tax rates, and in such cases, several dealers could increase their stock levels in the run up to GST. On the other hand, in those cases where the GST rate is lower than the current tax rates, dealers would try to keep minimum stock and dispose of non-moving stock before the onset of GST.Since different products are taxed at different rates, on a macro level, the average tax and the final prices that the end customer ends up paying will average out, with some products becoming more expensive and others becoming cheaper. Ultimately GST impacts the FMCG sector by readjusting tax brackets and reducing distribution costs for various companies. Some companies will "gain" with lower taxes and distribution costs, and thus may respond by increasing product volume and lowering prices, while others may "lose" with higher taxes, and thus need to compensate by increasing prices.Avalara is an experienced application service provider (ASP) and partner of authorized GST Suvidha Providers (GSPs).

List Of Various Gst Tax Slabs Rates In India On Different Fmcg Goods And Services September 2020

No Tax

• Goods – No taxes will be levied on goods like sanitary napkins, deities made of stone, marbles or wood, Rakhis without any precious metals like gold, silver, raw material used in brooms, and fortified milk, fruits, vegetables, bread, salt, bindi, curd, sindoor,natural honey, bangles, handloom, besan, flour, eggs, stamps, printed books, judicial papers, newspapers

• Services – All hotels and lodges who carry a tariff below INR 1,000 are exempted from taxes under GST. The list also includes IMM courses and bank charges on savings account, janDhanYojana

GST Tax Slab of 5%

• Goods – The goods which will attract a taxation of 5% under GST include skimmed milk powder, fish fillet, frozen vegetables, coffee, coal, fertilizers, tea, spices, pizza bread, kerosene, Ayurveda medicines, agarbatti, sliced dry mango, insulin, cashew nuts, unbranded namkeen, lifeboats , Ethanol- Solid biofuel pellets- Handmade carpets and other handmade
textile floor coverings (including namda/gabba)- Hand-made braids and ornamental trimming in the piece

• Services – Small restaurants along with transport services like railways and airways, Standalone ACs non-ACs Restaurants and those which serve liquor, Takeaway Food, Restaurants in hotels with a room tariff less than INR 7,500 (no input credit for these restaurants), will come under this category. Special flights for pilgrims (Economy Class) come under 5%.

GST Tax Slab of 12%

• Goods – Items coming are the tax slab of 12% include frozen meat products, butter, cheese, ghee, pickles, sausage, fruit juices, namkeen, tooth powder, medicine, umbrella, instant food mix, cell phones, sewing machine, man-made yarn, -Handbags including pouches and purses; jewellery box, Wooden frames for painting, photographs, mirrors etc., Ornamental framed mirrors, Brass Kerosene Pressure Stove, Art ware of iron, etc.

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

• Services – Business class air tickets will attract a tax of 12% under GST. The slab also includes movie tickets priced under INR 100

GST Tax Slab of 18%

• Goods – As mentioned above, most of the items are part of this tax slab. Some of the items are flavoured refined sugar, cornflakes, pasta, pastries and cakes, detergents, washing and cleaning preparations, safety glass, mirror, glassware, sheets, pumps, compressors, fans, light fitting, chocolate, preserved vegetables, tractors, ice cream, sauces, soups, mineral water, deodorants, suitcase, brief case, vanity case, oil powder, chewing gum, hair shampoo, preparation for facial make-up, shaving and after-shave items, washing powder, Refrigerators, Water Heaters, Washing Machines, Televisions (up to 68 cm), Vacuum Cleaners, Paints, Hair Shavers, Hair Curlers, Hair Dryers, Scent Sprays, Lithium-ion batteries, detergent, stones used in flooring, marble & granite, sanitary ware, leather clothing, wrist watches, cookers, stoves, cutlery, telescope, goggles, binoculars, oil powder, cocoa butter, fat, artificial fruits, artificial flowers, foliage, physical exercise equipment, musical instruments and their parts, stationery items like clips, some diesel engine parts, some parts of pumps, electrical boards, panels, wires, razor and razor blades, furniture, mattress, cartridges, multi-functional printers, door, windows, aluminium frames, monitors and television screens, tires, power banks for lithium ion batteries, video games, carriage accessories for disabled, etc.

• Services – Restaurants located inside hotels with tariffs of INR 7,500 and above, outdoor catering (input tax credit to be available), movie tickets priced above INR 100, actual bill of hotel stay below INR 7,500, IT and Telecom services and financial services along with branded garments will be part of this tax slab.

GST Tax Slab of 28%

• Goods – Over 200 goods will be taxes at a rate of 28%. The goods which will be part of this category under GST are sunscreen, pan masala, dishwasher, weighing machine, paint, cement, vacuum cleaner. Other items include automobiles, hair clippers, motorcycles.

• Services – As mentioned above, five-star hotels, whose actual bill of hotel stay above INR
7,500, racing, movie tickets and betting on casinos and racing will come under this category.

LIMITATIONS OF GST

Goods and Services Tax (GST) substituted the regime of Value Added Tax (VAT). It is a levy upon the manufacture, consumption, and sale of goods and services in India. It substituted or merged all the indirect taxes which were imposed by the Central Government and State Government on goods and services. Goods and Services Tax (GST) focuses on a long-term benefit. Working highly for the future it shows some negative aspects too. Some of the disadvantages of Goods and Services Tax (GST) are: -

1. Goods and Services Tax (GST) had made the transactional fees between the financial sector more costly or expensive. Transactional fees have been increased from 15% to 18%.
2. Goods and Services Tax (GST) had made the premiums of the insurance more costly and pricey.
3. It has shown some negative impact on the real estate market. Due to Goods and Services Tax (GST). There is an increase in real estate prices from 8% to 12%. But it is expected that it will not last for the long term.
4. Goods and Services Tax (GST) does not include petrol due to which the price of petrol always goes in contrary to the principles of the unification of commodities.
5. Goods and Services Tax (GST) had advanced towards the more complex system for the owners of the businesses.
6. Before Goods and Services Tax (GST), few retail products have tax up to 4%. But Goods and Services Tax (GST) had made the clothes and garment further expensive or pricey.
7. Goods and Services Tax also affected the sector of aviation. Before Goods and Services Tax (GST), the service tax on the ticket of the airways ranges between 6% to 9%. But now they are exceeded and range up to 15% which is nearly double the tax rate which was imposed by the Government earlier. With the emergence of Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST) which substituted the Service Tax or Central Excise, Value Added Tax (VAT) and Central Sales Tax (CST) there was no change in the system of tax. The tax system still consists of many layers

Therefore, the aim of the government is to bring India in an umbrella of one tax promoting the “One Nation One Tax” system. Implementation of Goods and Services Tax (GST) substituted the regime of Value Added Tax (VAT) in India. It merged all the indirect taxes which was prevailing in the country during the Value Added Tax (VAT) regime. With the imposition of Goods and Service Tax (GST) was a big task in a country like India where new changes are not easily accepted. It was a complex system to understand at first but later it is coming out as a long-term benefit for the country. There is the various sectoral impact of Goods and Services Tax (GST). Some sectors show a positive impact while others show a negative impact. Due to a long-term benefit

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

scheme, there is a less immediate positive impact on Indian society andeconomy.However, it is expected that there is an expectation of the growth of the Indian Gross Domestic Product (GDP). the only thing is required to have patience and continuous following of rules and regulations for uplifting the country's economy.

III. FIELD STUDY, DATA ANALYSIS AND INTERPRETATIONS:-

TABLE: - 1 SAMPLE FIRMS FOR THE STUDY.

Sl. No.	Name of the firm	Location of firm	Dealership in product
1	Rajayoga marketing	Raichur	Swastiks masalas pickles and food products Pvt ltd, levista, lijjat papad and Kohinoor basmati rice.
2	Raghavendra agencies	Raichur	Hindustan Unilever ltd.
3	Nandan traders	Raichur	Colgate, emami and godrej.
4	Gara srinivas agencies	Raichur	Biskfarm products Pvt LTD.
5	Sri veerabadreshwara agencies	Raichur	Haldirams food products Pvt LTD.

INTERPRETATION:

Table 1 shows the serial number, firm name, location and dealership in the product of 5 FMCG wholesalers who have been selected for the study.

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

TABLE:2 PRODUCTS STUDIED IN THE PROJECT.

Sl. No.	Product name /title	Nature of the product
1	Spices and oil etc.	FMCG
2	Papad	FMCG
3	Instant foods	FMCG
4	Pickles and ghee	FMCG
5	Toothpaste and toothbrush	FMCG
6	Over the counter medicines (OTC) pain relief balms and gels.	FMCG
7	Mosquito repellents	FMCG
8	Biscuits, cookies, wafer and extruded snacks.	FMCG
9	Sweets and snacks.	FMCG
10	Cleaning and personal care products.	FMCG

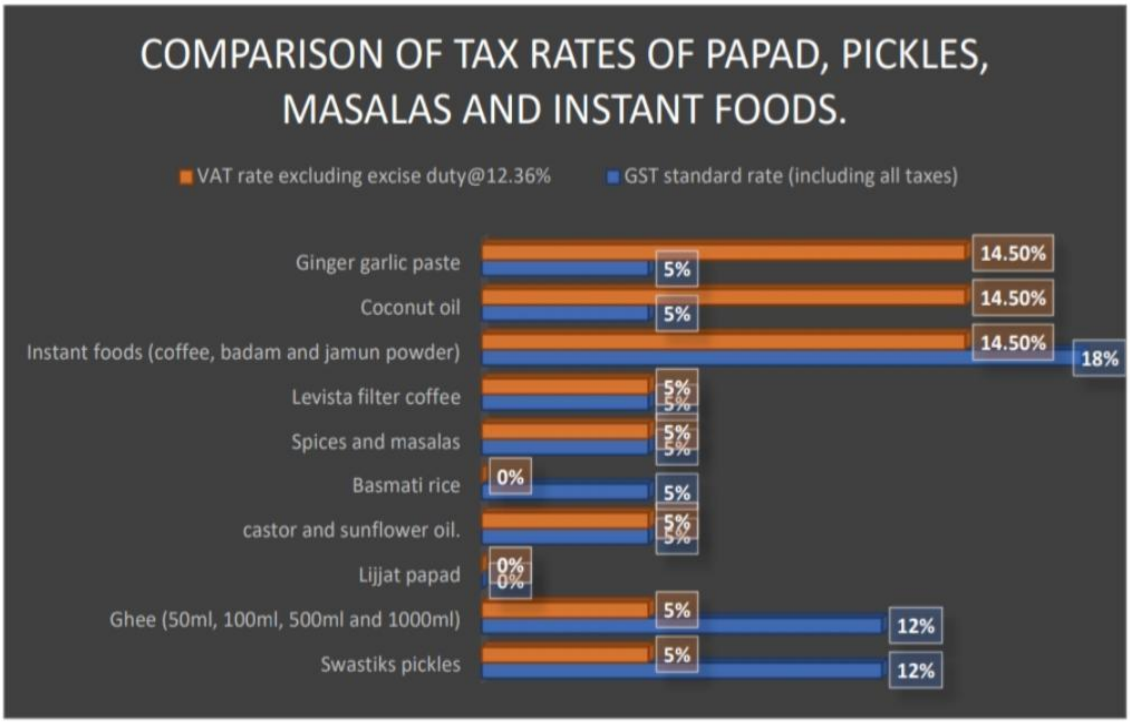
Interpretation:

Table 2 deals with the names of the products and its category which are studied in this project work.

TABLE :3 COMPARISON OF TAX RATES OF PAPAD, PICKLES, MASALAS AND INSTANT FOODS.

Sl. No	Name of the product	GST standard rate (including all taxes)	VAT rate excluding excise duty@12.36%	Impact
1	Swastiks pickles	12%	5%	Unfavorable
2	Ghee (50ml, 100ml, 500ml and 1000ml)	12%	5%	Unfavorable
3	Lijjat papad	0%	0%	Neutral
4	castor and sunflower oil.	5%	5%	Neutral
5	Basmati rice	5%	0%	Unfavorable
6	Spices and masalas	5%	5%	Neutral
7	Levista filter coffee	5%	5%	Neutral
8	Instant foods (coffee, badam and jamun powder)	18%	14.5%	Unfavorable
9	Coconut oil	5%	14.5%	Favorable
10	Ginger garlic paste	5%	14.5%	Favorable

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252



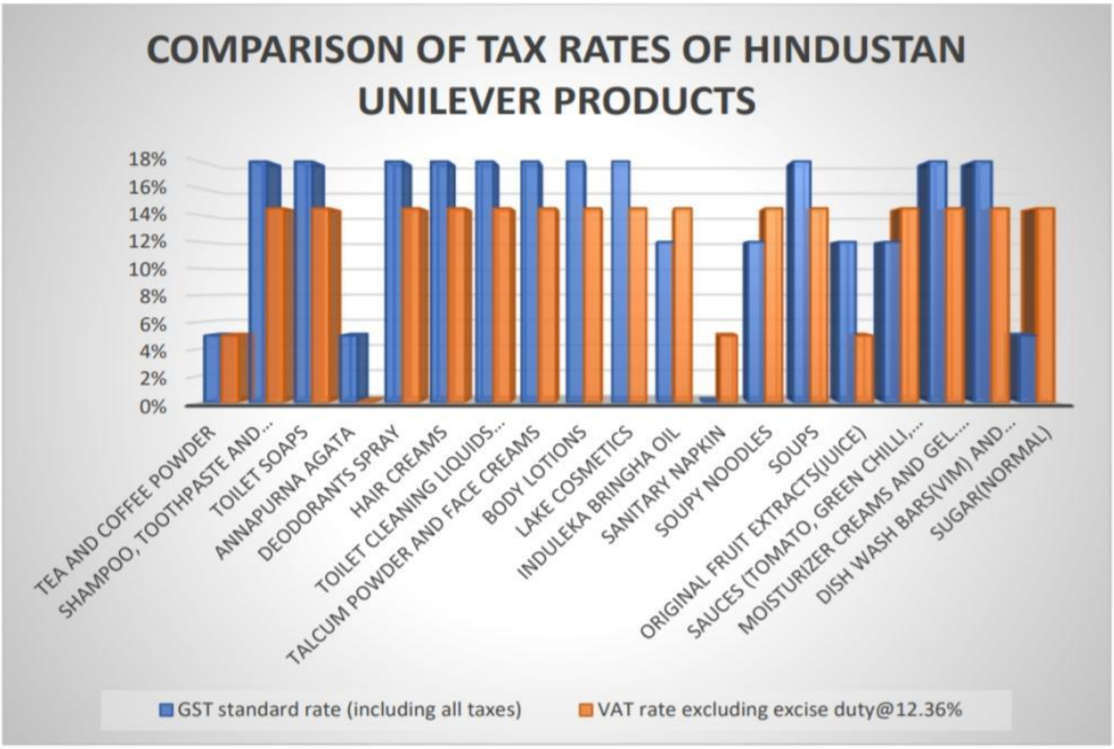
INTERPRETATION:

Table 3 deals with Swastiks masalas, pickles and food products, lijjat papad, levista and Kohinoor basmati rice company Products. The products covered are coconut oil, all variety pickles and lijjat papad etc. A glance at the tax rates under GST and VAT shows that there is a difference in tax rates in the old and present regime of taxation. It can be understood that except coconut oil, and ginger garlic paste all other products are covered have higher rate of tax under GST when compared to VAT rate of tax. While oil and garlic paste are lower at 5 % there is higher rate for pickles and instant foods at 12 %and 18% respectively. The slightly higher rate for the range of products shown in table 3, is understandable because the GST includes a host of taxes like VAT, EXCISE, SERVICE TAX etc. Inspire of this there is a reduction in tax applicable to coconut oil and ginger garlic paste.

TABLE: 4 COMPARISON OF TAX RATES OF HINDUSTAN UNILEVER PRODUCTS.

Slno	Name of the product	GST standard rate (including all taxes)	VAT rate excluding excise duty@12.36%	Impact
1	Tea and coffee powder	5%	5%	Neutral
2	Shampoo, toothpaste and toothbrush	18%	14.5%	Unfavorable
3	Toilet soaps	18%	14.5%	Unfavorable
4	Annapurna aata	5%	0%	Unfavorable
5	Deodorants spray	18%	14.5%	Unfavorable
6	Hair creams	18%	14.5%	Unfavorable
7	Toilet cleaning liquids (comfort and dome)	18%	14.5%	Unfavorable
8	Talcum powder and face creams	18%	14.5%	Unfavorable
9	Body lotions	18%	14.5%	Unfavorable
10	Lakme cosmetics	18%	14.5%	Unfavorable
11	Induleka Bringha oil	12%	14.5%	Favorable
12	Sanitary napkin	0%	5%	Favorable
13	Soupy noodles	12%	14.5%	Favorable
14	Soups	18%	14.5%	Unfavorable
15	Original fruit extracts(juice)	12%	5%	
16	Sauces (tomato, green chilli, red chilli and soya sauce)	12%	14.5%	Favorable
17	Moisturizer creams and gel. (Vaseline)	18%	14.5%	Unfavorable
18	Dish wash bars(vim) and detergents.	18%	14.5%	Unfavorable
19	Sugar(normal)	5%	14.5%	Favorable

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252



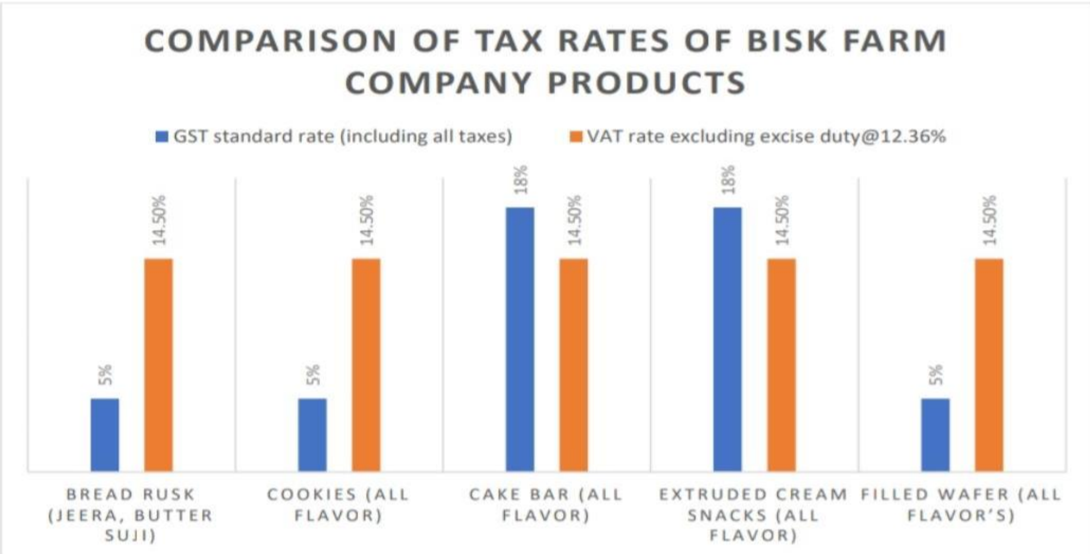
INTERPRETATION:

Table 4 deals with Hindustan Unilever products. The products covered are cosmetics, toiletries, deodorants and sauces etc. A glance at the tax rates under GST and VAT shows that there is a difference in tax rates in the old and present regime of taxation. It can be understood that except indulekha bringha oil, sanitary napkin, sauces and sugar etc. All other products are covered have higher rate of tax under GST when compared to VAT rate of tax. While sauces, sanitary napkin, sugar is lower at 12%, 0%, 5% respectively. And there is higher rate for talcum powder, body lotion and cosmetics at 18%. The slightly higher rate for the range of products shown in table 4.is understandable because the GST includes a host of taxes like VAT, EXCISE, SERVICE TAX etc. Inspite of this there is a reduction in tax applicable in sanitary napkins, sauces sugar etc.

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

TABLE:5 COMPARISON OF TAX RATES OF BISK FARM COMPANY PRODUCTS.

Slno	Name of the product	GST standard rate (including all taxes)	VAT rate excluding excise duty@12.36%	Impact
1	Bread rusk (jeera, butter suji)	5%	14.5%	Favorable
2	Cookies (all flavor)	5%	14.5%	Favorable
3	Cake bar (all flavor)	18%	14.5%	Unfavorable
4	Extruded cream snacks (all flavor)	18%	14.5%	Unfavorable
5	Filled wafer (all flavor's)	5%	14.5%	Favorable



International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

INTERPRETATION:

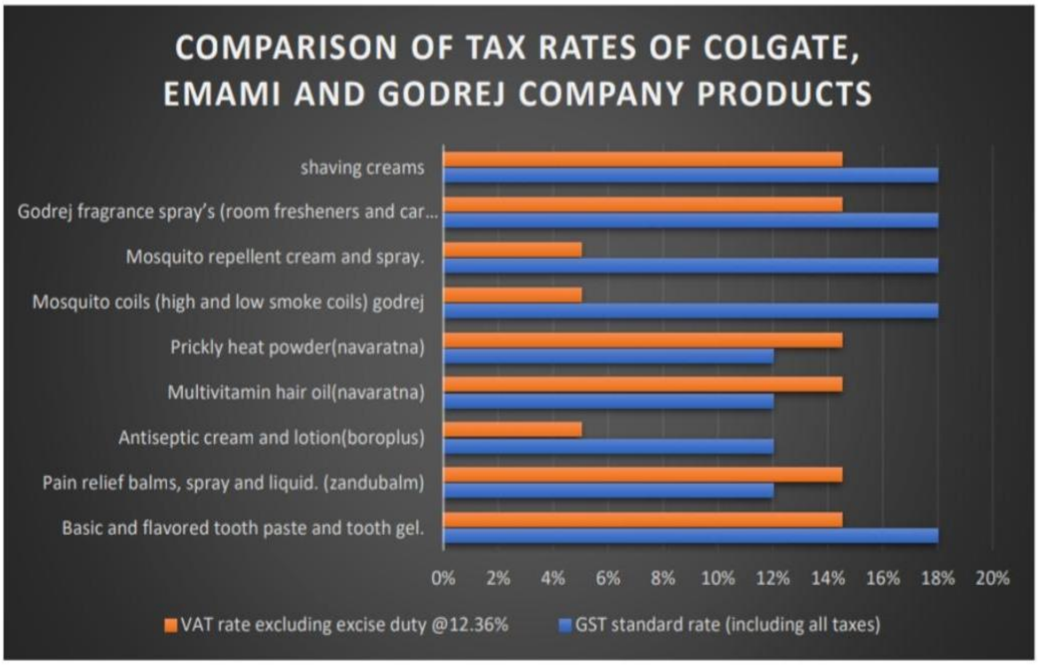
Table 5 deals with Biskfarm company products. The products covered are all variety breads, cookies and wafer etc. A glance at the tax rates under GST and VAT shows that there is a difference in tax rates in the old and present regime of taxation. It can be understood that except bread rusk, wafer and cookies. All other products are covered have higher rate of tax under GST when compared to VAT rate of tax. While bread rusk, wafer and cookies are lower at 5 % there is higher rate for cakes and extruded cream snacks at 18%. The slightly higher rate for the range of products shown in table 5, is understandable because the GST includes a host of taxes like VAT, EXCISE, SERVICE TAX etc. Inspite of this there is a reduction in tax applicable to cookies, wafer and bread rusk.

TABLE:6

COMPARISON OF TAX RATES OF COLGATE, EMAMI AND GODREJ COMPANY PRODUCTS: -

Slno	Name of the product	GST standard rate (including all taxes)	VAT rate excluding excise duty @12.36%	Impact
1	Basic and flavored tooth paste and tooth gel.	18%	14.5%	Unfavorable
2	Pain relief balms, spray and liquid. (zandubalm)	12%	14.5%	Favorable
3	Antiseptic cream and lotion(boroplus)	12%	5%	Unfavorable
4	Multivitamin hair oil(navaratna)	12%	14.5%	Favorable
5	Prickly heat powder(navaratna)	12%	14.5%	Favorable
6	Mosquito coils (high and low smoke coils) godrej	18%	5%	Unfavorable
7	Mosquito repellent cream and spray.	18%	5%	Unfavorable
8	Godrej fragrance spray's (room fresheners and car fresheners)	18%	14.5%	Unfavorable
9	shaving creams	18%	14.5%	Unfavorable

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252



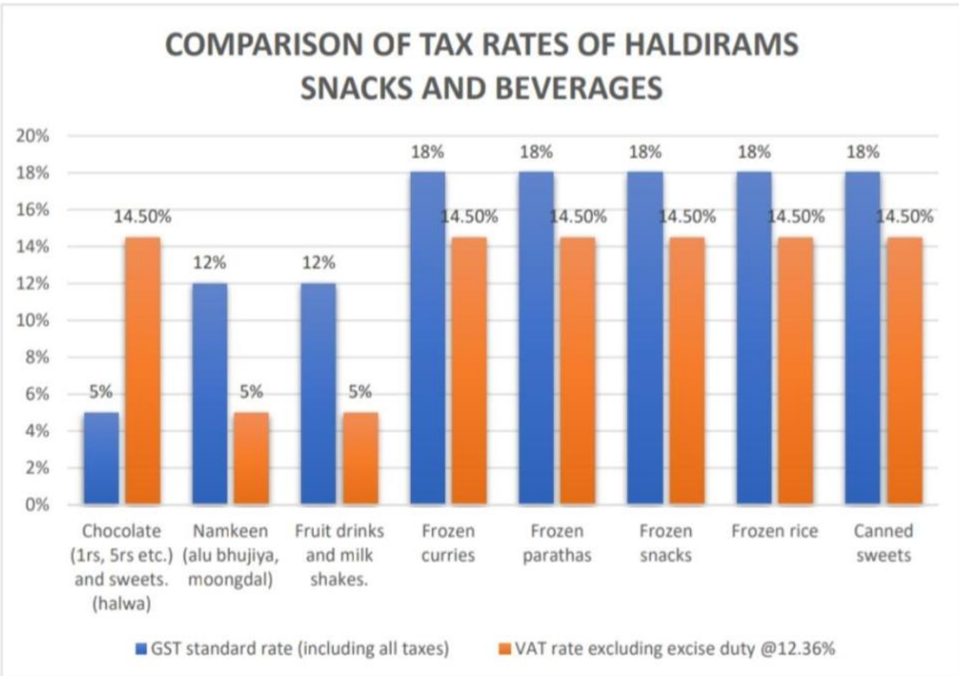
INTERPRETATION:

Table 6 deals with Colgate, emami and godrej company products. The products covered toothpaste, pain relief balms, mosquito repellent creams and machines etc. A glance at the tax rates under GST and VAT shows that there is a difference in tax rates in the old and present regime of taxation. It can be understood that except pain relief balms, prickly heat powder and multivitamin hair oil. All other products are covered have higher rate of tax under GST when compared to VAT rate of tax. While pain relief balms, prickly heat powder and multivitamin hair oil is lower at 12% there is higher rate for Toothpaste, antiseptic creams, mosquito coils, car fragrance spray's and shaving creams at 18% and 12%. The slightly higher rate for the range of products shown in table 6, is understandable because the GST includes a host of taxes like VAT, EXCISE, SERVICE TAX etc. Inspite of this there is a reduction in tax applicable to pain relief balms, multivitamin hair oil and prickly heat powder.

TABLE:7

COMPARISON OF TAX RATES OF HALDIRAMS SNACKS AND BEVERAGES: -

Slno	Name of the product	GST standard rate (including all taxes)	VAT rate excluding excise duty @12.36%	Impact
1	Chocolate (1rs, 5rs etc.) and sweets. (halwa)	5%	14.5%	Favorable
2	Namkeen (alu bhujiya, moongdal)	12%	5%	Unfavorable
3	Fruit drinks and milk shakes.	12%	5%	Unfavorable
4	Frozen curries	18%	14.5%	Unfavorable
5	Frozen parathas	18%	14.5%	Unfavorable
6	Frozen snacks	18%	14.5%	Unfavorable
7	Frozen rice	18%	14.5%	Unfavorable
8	Canned sweets	18%	14.5%	Unfavorable



International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

INTERPRETATION:

Table 7 deals with Haldirams snacks and beverages products. The products covered are chocolates and sweets, namkeen, fruit drinks and milkshakes, frozen curries, frozen snacks, frozen rice and canned sweets. A glance at the tax rates under GST and VAT shows that there is a difference in tax rates in the old and present regime of taxation. It can be understood that except chocolates and sweets. All other products are covered have higher rate of tax under GST when compared to VAT rate of tax. While chocolates and sweets are lower at 5% there is higher rate for namkeen, fruit drinks, frozen curry, frozen rice etc. at 12% and 18%. The slightly higher rate for the range of products shown in table 7, is understandable because the GST includes a host of taxes like VAT, EXCISE, SERVICE TAX etc. Inspire of this there is a reduction in tax applicable to chocolates and sweets.

International Journal of Advances in Engineering and Management (IJAEM)
Volume 3, Issue 7 July 2021, pp: 2874-2896 www.ijaem.net ISSN: 2395-5252

IV.FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS:-

1) For the products,

• Coconut oil
• Ginger garlic paste
• Indulekhabringha oil
• Sanitary napkin
• Soupy noodles
• Sauces
• Normal sugar
• Bread rusk
• Cookies
• Filled wafer
• Pain relief balms, spray's and liquids
• Multivitamin hair oil
• Prickly heat powder
• Chocolates and sweets

For all these above products the GST rates are favourable to the consumers when compared to VAT rates.(GST< VAT).

2) **For the products**,

• Ghee
• Swastiks pickles
• Basmati rice
• Instant foods
• Shampoo, toothpaste and toothbrush
• Toilet soaps
• Annapurna aata
• Deodorants spray
• Haircreams
• Toilet cleaning liquids
• Talcum powder and face creams
• Body lotions
• Lakme cosmetics
• Soups
• Moturizer creams
• Dish wash bars
• Cakes and creamy snacks
• Antiseptic cream and lotion
• Mosquito coils and creams
Godrej fragrance spray's
• Shaving creams
• Namkeen
• Fruit drinks and milk shakes
• Frozen curries, parathas, snacks and canned sweets.

For all the above FMCG products the GST rates are unfavourable to the consumers when compared to VAT rates. (GST>VAT)

3) **For the products,**

• Lijjatpapad
• Spices and masalas
• Levista filter coffee
• Castor and sunflower oil

For all the above products the GST and VAT rates were same and therefore there was no distinction between the rates, and it was stagnant.(GST=VAT).

SUGGESTIONS:-

It is suggested that the government needs to keep rates lower for essential FMCG's when compared to FMCG's which happen to be the nature of comfort goods.

CONCLUSION

The present study has been undertaken to know to what extent variation exists in tax rates between erstwhile VAT and contemporary GST, vis-a-vis selected FMCG products. Though the study has been undertaken in Raichur city practically the study applies to whole of the state of Karnataka, as the jurisdiction of VAT was whole state. The study revealed that for a few FMCG products under study there is a positive change in GST (rates favourable to consumers). For the remaining products under study there is unfavourable change in rates under GST. Per se, we cannot say increase in GST (in Comparison to VAT) rate is unfavourable to consumers due to the fact that VAT represented only one component of GST and not the total GST.In the sense, that the GST is a combination of Excise, service tax and VAT (apart from others), whereas the comparison is made only between VAT and GST rates hiding the impact of Excise and service tax on the prices of FMCG products. Even then the study is an academic exercise to serve a simple purpose of finding out the outcome of comparison between VAT and GST, which has been achieved.

REFERENCES:-

[1]. https://www.scmhabra.org/eresources/B.Con 4th%20sem_GST%20INTRODUCTION_saikat.pdf
[2]. https://blog.ipleaders.in/sectoral-impact-gst/
[3]. https://www.avalara.com/in/en/blog/2017/09/post-gst-impact-fmcg-sector.html
[4]. https://www.paisabazaar.com/tax/gst-rates/
[5]. https://www.wishfin.com/gst-tax-rates-list/goods-and-services-tax/
[6]. https://www.researchgate.net/publication/334535389_IMPACT_OF_GST_ON_FMCG_COMPANIES_IN_INDIA
[7]. http://Shodhganga.inflibnet.ac.in
[8]. FKASA_INTAN NURSYA FIQAH MOHAMED HISSAM- CD9758- CHAP 3(1).pdf