

IMPACT OF GST ON AGRICULTURE DEVELOPMENT

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ABSTRACT

India's largest sector is Agricultural sector. This is the India's primary sector. More than 65% of total population of India's is depends on agricultural sector. The agricultural sector is largest employer in India's economy. GST is a single comprehensive tax levied on Goods and Services consumed in an economy. GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. GST is a milestone in tax reform in India. Government imposes two types of tax such as direct and indirect tax for earning revenue. GST is one of indirect tax. GST system is one biggest economic reforms in India after independent every country of the world wants to "One Nation One Tax" formulation it is useful to increase government's revenue because reduce tax evasion & tax avoidance. Government tries to make simplify tax system in India.

The government of India's biggest changes in the taxation system in the year 2017. Government of India has introduced & implements the new taxation policy. Government tries to make simplify tax system in India. It is clear that maximum agriculture inputs & products are exempted in GST. Government should to educes again tax on agriculture inputs and machineris for the promote agriculture sector.

INTRODUCTION

The Goods and Services Tax (GST) was launched in India on July 1, 2017 in a midnight. It was indeed a historic occasion & a paradigm shifts as India moved toward, one nation one tax & one market. 26 years after opening its economy to the outside world, India has now rolled out another significant financial reform that aims to carry forward & cement on growth benefits of liberalization. GST is various advantages for our economy India is village country and villages are in rural India. Rural India is depending on Agricultural. The agricultural sector is wide various business and trade activities related to these sectors.

The GST has already been introduced in nearly 160 countries & France was the first to introduce GST in the year 1954. The constitutional amendment polled the way for introduction of Goods & Service Tax in India. The constitutional amendments empowers the centre & the states to levied & collect the GST. The GST has been defined a tax on supply of goods or service, except supply of alcoholic liquor for human consumption. The new goods & service tax subsumes if state & central taxes and 22 types of cases into one single tax.

GST ON AGRICULTURAL SECTOR DEVELOPMENT

Agricultural sector has been the root of Indian economy. 52% of the total rural livelihood depends on this sector as their primary means of livelihood so it is important to study the impact of GST on the Agriculture sector. GST will have positive effect on Agriculture. GST is expected to create a business friendly environment, as price level & inflation rate go down. GST is helping to agricultural sector & farmers there for in the agricultural goods & services attract to market also government establishment national agricultural market to proper farmers at the national market.

There are full exemptions from tax Dal, fruits, flowers, food grain, vegetables, milk, butter, fish, animals food, those are use for agriculture making & agro product transportation tax exempted also. Agriculture still employs the largest section of India's workforce GST is essential to improve the transparency, reliability, timeline of supply chain mechanism would ensure a reduction in wastage and cost for the farmers. GST would also help in reducing for producing agricultural commodities. Under the model GST law dairy farming, poultry farming, & stock breeding are kept out of the definition of agriculture.

As per GST law, there is no GST payable on agricultural implements animal driven so the rate of GST payable on agricultural implements animal driven is mill rate. The council has broadly approved the GST rates for goods at nil rate. 5%, 12%, 18% & 28% to be levied on certain goods. According to GST slabs, the most essential goods and services fall under the exempt list while commonly used Goods & Services have been put in the lowest tax bracket of 5% Standard Goods & Services are in 12% tax bracket, the government has kept a large number of items under 18% tax slab only special category of Goods & Services including luxury goods fall in the top tax bracket of 28% . Luxury Goods & Services & certain specific goods & services attract additional case than 28% GST.

The impact of GST on agricultural sector is foreseen to be positive. The agricultural sector is the largest contributing sector. The overall GDP it covers around 16% of Indian GDP. The implementation of GST would

have an impact on many sections of society. GST may provide India, with its first national market for the agricultural goods. There are a lot of clarifications which need to be provided for rates for agricultural products. Special reduced rates should be declared for items like coffee, tea, milk under the GST.

CURRENT TAX LAWS

There are certain food items like sugar, rice, salt, wheat, flour, which are exempted from CENVAT under the state VAT, cereals & grains are taxed at the rate of 4%. Agricultural products go through a lot of licensing & a number of indirect taxes (service tax, VAT, excise duty) under the current tax laws state VAT is currently applicable to all the agricultural goods at each state it passes through prior to final consumption, although there are certain exemptions available from state VAT for certain exemptions available from state VAT for certain unprocessed food products like meat, fruits, eggs, vegetables, etc.

CONCLUSION

An increase in the cost of few agricultural products is anticipated due to the rise in inflation index for a brief period. Though, implementation of GST is going to benefit a lot. The farmers in the long run as there will a single unified national agriculture market. GST would ensure that farmers in India who contribute the most to GDP, will be able to sell their produce for the best.

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