

## PHD Chamber organised an Open House Discussion on GST - Implementation, Impact and Industry Perspective

**PHD Research Bureau of PHD Chamber of Commerce and Industry in collaboration with the Indirect Taxes Committee of PHD Chamber of Commerce and Industry organised an Open House Discussion on GST - Implementation, Impact and Industry Perspective , Thursday 31st August 2017, 15:30 hrs at PHD House, New Delhi.**

The PHD Research Bureau , the research arm of PHD Chamber has recently initiated a concept of open house discussions to brainstorm on the various key developments in the economy such as on Bitcoins, Stock markets and recently organized its third open house on a topical issue of the post GST implementation scenario in our country.

The launch of the GST represents an historic economic and political achievement, unprecedented in Indian tax and economic reforms. GST is expected, on balance, to reduce prices because of the lower incidence of taxation compared to the combined incidence of central and state taxes previously. GST processes will also help to increase India's tax to-gross domestic product ratio.

Speaking on the occasion **Shri Anil Khaitan, Senior Vice President, PHD Chamber** said, GST being a unified taxation systems will improve competitiveness as reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.

**Shri Bimal Jain, Chairman, Indirect Taxes Committee , PHD Chamber** shared his vast knowledge on the topic with the audience and opened the floor with insightful food for thought sharing "are we really heading to a good and simple tax , he emphasized that post GST Implementation it is for sure that multiplicity has gone away , the cascading impact felt during the past taxation structure has gone away to a certain extent and shared that GST has an exclusive feature of being a uniform taxation system in the history of Indian taxation system."

**Shri N.K. Gupta, Co- Chairman, Indirect Taxes Committee , PHD Chamber** said that GST in India presently hasn't shown an inflationary impact , which is always been one of the primary concerns of countries that have implemented this taxation system, However India should be ready to face slight inflation in the coming times . He shared that, 52% of GDP is service sector and rate of tax on services has been increased by 20%, which is huge on 52% economy. Thereby, we will see the impact and the

government is trying to maintain the inflation.

While moderating the session Dr. S.P. Sharma shared the vital statistics obtained from the survey (which are shared below ) and added that Survey will continue to expand the respondent's base and we plan to issue the second volume of survey based research paper in the month October 2017.

### Release of Research Paper on "Impact of GST on Businesses During the Open House Discussion on GST - Implementation, Impact and Industry Perspective, held at PHD House



*From Left to Right: Dr. S P Sharma, Chief Economist, PHD Chamber, Shri Anil Khaitan, Senior Vice President PHD Chamber, Shri Bimal Jain, Chairman, Indirect Taxes Committee, PHD Chamber, Shri N.K. Gupta, Co- Chairman, Indirect Taxes Committee, PHD Chamber*

### Highlights of the Report on Impact of GST on Businesses

- **GST, is the biggest tax reform, in the history of Indian Economy.** The spill over effects of GST are immense from increase in Government revenue vis-a-vis better tax compliance and reduced tax evasion, enabling greater control and facilitating efficient monitoring than the traditional taxation system. The increased tax revenues of Government would create scope for enhanced public investments in various social and physical infrastructural activities creating further scope for employment generation.
- **Addressing a press conference, Hon'ble Finance Minister Shri Arun Jaitley disclosed that in July, Rs 92,283 crore had been received as GST receipts from 3.9 million tax payers, compared with the target of Rs 91,000 crore. In addition to the 7.2 million tax payers who migrated to GST from the earlier tax regime, an extra 1.8 million new assesseees have been added.**
- GST is expected to change the whole scenario of current Indirect Tax. GST will merge all Indirect Taxes under an umbrella and will help in creation of smooth market. The GST regime, explains the more conservative budget numbers in excise duties and service tax, and broadly in indirect taxes, for the current fiscal.

In the aftermath of demonetisation, indirect taxes are budgeted to achieve greater momentum.

- **The survey conducted by the PHD Research Bureau, the research arm of PHD Chamber aimed to get firsthand experience from industry stakeholders , received 430 responses , the findings of which can be summarised as follows:**
  - **The respondent were asked to rate their understanding of GST by classifying it under, No Awareness, Little Awareness, Trying to Gain Knowledge, Have Decent Knowledge and Full Awareness wherein 68% respondents suggested that they are trying to gain knowledge almost 12% suggested to have decent knowledge on the subject while 6% claimed to have full understanding.**
  - **The impact of GST implementation on the process of the products/service offered by the businesses were recorded wherein it was observed that, 30% of the respondents felt moderate increase (4-7%) hike in prices of the goods/services offered by them while 6% of the respondents suggested to face a moderate decline in the prices .**
  - **The cost of raw materials purchased by the businesses saw a slight increase in prices (2-4%) by over 24% of the respondents while only 3% respondents felt that the prices of raw materials declined slightly post GST implementation.**
  - **Post GST implementation, the design of the supply chain has changed in line with this change the survey asked to comment on how GST facilitated the functioning of supply chain management in your day to day business activities. The survey recorded that 41 % respondents felt the post GST scenario has impacted in a slight positive impact on the day to day supply chain management activities while, 30% felt the GST has disrupted the day to day supply chain management activities.**
  - **The survey recorded the overall impact of sales post GST implementation which showed that 68% respondents faced a decline in sales while 32% recoded no impact on sales.**



## Glimpses of the discussions on GST



Please contact for any query related to this mail to Ms. Mahima Kaushal, Research Officer at [mahima.kaushal@phdcci.in](mailto:mahima.kaushal@phdcci.in) , with a cc to Dr. S P Sharma, Chief Economist at [spsharma@phdcci.in](mailto:spsharma@phdcci.in) and Ms. Surbhi Sharma, Senior Research Officer at [surbhi@phdcci.in](mailto:surbhi@phdcci.in), PHD Chamber of Commerce and Industry.

Yours sincerely,

**Dr. S P Sharma**  
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