

## Reform to The Indirect Tax System Of India: Panacea Or Problem?

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### ABSTRACT

Taxes hit the diversified international and domestic market. India seeking foreign investment flow should necessarily restructure its current complicated tax structure for a robust economic growth and development. The myriad classification of taxes in India has often been lamented since a product before reaching the consumer suffers multiple taxes and it reflects in the product price to the consumers. The Indian Government expecting to harmonise the rules of taxation has made the announcement to implement the Goods and Service Tax (GST) from July 1, 2017. Though enforcing GST in India is presumed to have large benefits in reducing the costs, it is criticised to have no major changes in the tax regime. Due to its exhaustive list of exemptions, it can plausibly have effects similar to the current taxation. This article specifically mentions the current debate of the Centre and States over fixing Standard revenue neutral GST rates. Through this article, the author tries to establish that implementation of GST could have promising and effective solution with few necessary amendments *albeit* the initial stages of revenue loss to States. This article critically analyses the impact of the GST in revolutionising the age-old Indian taxing system and proposes viable suggestions. The article starting with the historical background of the enactment of GST distinguishes the current tax scheme from the GST model. Secondly, the author criticises the shortcomings of GST in demeaning the States' fiscal autonomy. Thirdly, the article focuses on the practical implications and challenges which GST pose to the Indian economy.

**Keywords:** GST, Fiscal Autonomy, Revenue Neutral Rate, Revenue Loss, Input Credit.

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## INTRODUCTION

*“Welfare should be built of more taxpayers. Not by higher taxes.”*

- *Anders Borg, Swedish Minister of Finance (2010).*

Taxation is recognised in our Constitution as a power guaranteed to the authorities allocated between the Centre and the State.<sup>1</sup> A tax is a compulsory levy made by public authorities for whom nothing is received directly in return.<sup>2</sup> Any country in this world would impose tax for the sole reason that it aims to augment its economy on both efficiency and equity. A good tax system should keep in view issues of income distribution and, at the same time, also endeavour to generate tax revenues to support government expenditure on public services and infrastructure development.<sup>3</sup>

Indian taxation system comprises of Direct and Indirect tax. Indirect tax, a tax levied indirectly on the commodities on each stage which is eventually paid by the consumer deemed to be the market price. Currently, companies and businesses pay lot of indirect taxes such as value added tax (hereinafter ‘VAT’), service tax, sales tax, entertainment tax, octroi and luxury tax. Owing to the major complications imposed by the current tax system, the Union Government of India has come up with the idea of introducing Goods and Services Tax<sup>4</sup> (hereinafter “GST”). GST is a comprehensive tax system which proposes to subsume all indirect taxes of states and central governments where tax input credit are available to the taxpayers of each stage before the sale of the commodity. The GST proposal glares with title **“One Nation, One Tax”**.

Once GST is implemented, all the above mentioned taxes would cease to exist into SGST (State GST) and CGST (Central GST). GST promises to treat goods and services *pari passu* and thus there would only one tax rate applicable to both goods and services. Integration of

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<sup>1</sup> Constitution of India 1950, Article 265.

<sup>2</sup> Jane Frecknall-Hughes, *The Theory, Principles and Management of Taxation: An Introduction*, 3 (2015) Routledge, London (quoting James & Nobes, 2012).

<sup>3</sup> Shakir Shaik, *Does Goods and Services Tax (GST) Leads to Indian Economic Development?*, 17 IOSR-BJM 1 (2015).

<sup>4</sup> The Parliament of India has introduced the One Hundred and Fifteenth Constitutional Amendment in the Lok Sabha on March 22, 2011. The Ministry of Finance has announced that the GST will come into effect from July 1, 2017 which was earlier stated to be from April 1, 2017.

goods and services taxation foresees potential foreign investments in consonance with the “*Make in India*” programme thereby improving tax collections. Implementation of GST requires concentrated efforts of all stake holders namely, Central and State Government, trade and industry.

There are few drawbacks to GST other that would affect the Indian Economy *in toto*. As per the 13<sup>th</sup> Finance Commission, the Revenue Neutral Rate (RNR) should be 12% whereas state empowered committee demanding 26.68%. Union Govt. is reckoning the rate band should be 15%-20% which is very high as compare to other countries.<sup>5</sup> This is because States fear that in case of low RNR, they could not avert any revenue loss to them. On the contrary, if such a high RNR is fixed, it would decrease the investment flow into the country and ultimately end up in non-compliances and tax evasion. RNR should be low in order to prevent a negative impact on Human Development Index. “*Industrialized states will be at loss in GST regime due to its destination based feature. It will de-motivate the manufacturing industry and incite states to import more in order to increase their tax revenues. It is not good for manufacturing industry as well as for India because boosted manufacturing sector is the main driver of our economic growth in future.*”<sup>6</sup>

When the Bill was introduced in the Parliament, the Ex-Minister P. Chidambaram commented that “*the rate of the tax is the heart of the Bill*”. There are lot of discussions as to the determination of the threshold limit of the Standard GST rates. Though contradictions persist between the Centre and State, there is also constant pressure made by the other stakeholders who will be directly affected if the rates are high. For instance, the rates are expected to be within 12% to 18% for real estate sector, in such cases, the market will have a drastic downfall resulting in the fall in the demand of houses.

Here is the roadmap of this paper. This article mainly comprises of three important parts. Firstly, the article introduces the readers to the historical background of indirect tax regime and eventually leading to the making of 101<sup>st</sup> Constitutional Amendment by the Indian

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<sup>5</sup> Cf. Gireesh Chandra Prasad, *For States, 27% revenue neutral rate is not enough*, THE FINANCIAL EXPRESS, (Apr. 11, 2015, 1.39AM), at <http://www.financialexpress.com/economy/for-states-27-revenue-neutral-rate-not-enough/62756/>.

<sup>6</sup> Sehrawat *et al*, *GST in India: A Key Tax Reform*, 3 IJR 133-141 (2015).

Parliament. With this preliminary idea, the author, in the second part deals with the Co-operative Federalism as a basic feature of Constitution and how the State's fiscal autonomy is suffered in the new Indirect tax regime. Thirdly, the paper attempts to demarcate the merits and demerits of the GST system analysing if the consumer levied GST is a 'victim' or a 'victor'. Finally, the article makes quite a few numbers of suggestions to achieve an effective implementation of GST.

### **HISTORICAL BACKGROUND OF TAXING SYSTEM IN INDIA**

In India, the roots of taxation system are found in ancient times.<sup>7</sup> The era of British rule witnessed significant changes in the Indian taxation system. Despite the fact that it extremely benefitted the British Government, it provides a base to modernized and scientific taxation system. It is with the advent of the British rule of dividing the tax structure into two, the Indian administrative structure still holds onto distinguishing levy of tax on two heads. With the passage of time various amendments has been done for perfecting Indian taxation system.<sup>8</sup> However, the tax system remained complex and there were serious cases of major tax evasion and smuggling due to the huge compliance burden on the taxpayers.

It is pertinent to note that the age-old formula of numerous taxes is to provide the Government with the source of huge revenue in administering the people since the sources were limited in number. Conversely, we could find that the economy is blooming and international investments are being motivated. It is also witnessed that most of the countries, either developing or developed, have already moved to the phase of lowering tax liabilities. Moreover, to become a developed country it is required for India to take attempts and trials that will possibly uplift its standards. In such a scenario, holding onto the past experiences of taxation will not be productive to the Indian economy. Therefore to advance future prospective investments in the progress of the nation, the Indian Government has decided to move towards the new form of taxation called the GST or sometimes called Value Added Tax (VAT) in few countries.

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<sup>7</sup> Seema Devi, *GST in India: A Swot Analysis*, 4 IJRG 188 (2016).

<sup>8</sup> *Ibid*, at 190.

The scheme of GST taxation is no new to us. GST was very first initiated in 2000 through a groupthink. However due to incompatible stakeholder's interests and political differences, its journey passed through numerous ups and downs.<sup>9</sup> In India, GST was conceived in 2004 by the Task Force on implementation of the *Fiscal Responsibility and Budget Management Act, 2003* (Kelkar Committee) while analyzing prevailing indirect tax system both at Central and State level. The Kelkar Committee observed that a tax reform of nationwide dual GST which would comprehensively tax the consumption of almost all goods and services in the economy would be able to achieve 'a common market, widen the tax base, improve the revenue productivity of domestic indirect taxes and enhance welfare through efficient resource allocation.'<sup>10</sup>

The current indirect tax structure of India empowers both the Centre and State to levy taxes, preferably on different subject matters, on the manufacturing and sale of goods and services. Multiplicity of taxes and tax base being fragmented between Centre and States have resulted in a complex system of interconnected legislations leading to substantial distortions, cascading of taxes and adversely effecting growth in Gross Domestic Production (GDP).<sup>11</sup> The objective of the proposed GST, also termed as VAT (consumption type VAT) in certain countries, is to levy tax only on the final use of the good or service. GST is expected to integrate taxes on goods and services across all supply chain for availing set-off and capture value addition at each stage.<sup>12</sup> The availability of tax input credit<sup>13</sup> to the manufacturers till it reach the retailers would considerably reduce the complications of the contemporary tax structure and will definitely reduce the cost of the final product. Suppliers at each stage would be permitted to set-off the GST paid on the purchase of input goods and services against GST to be paid on the supply of goods and services.<sup>14</sup>

The introduction of GST is a historical reform in the Indian taxation system. It aims to consolidate Central and State taxes under one umbrella and allows set-off of prior-stage

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<sup>9</sup> *Ibid.*

<sup>10</sup> *GST in India – Taking stocks and setting expectations*, Assocham India, at 6, at <https://www2.deloitte.com/content/dam/Deloitte/in/Documents/tax/in-tax-gst-in-india-taking-stock-noexp.pdf>. (last visited Feb. 26, 2017, 9.01PM, (N.T.M.)).

<sup>11</sup> *Ibid.*

<sup>12</sup> *Id*

<sup>13</sup> Model GST Law Nov. 25 2016, Section 2 (56).

<sup>14</sup> *Supra* note 7.

taxes. The current system is seemed to be more of a “tax on tax”. There is no credit available on the input paid in the initial stages of transactions. GST will mitigate the cascading effects of the complex tax regime and enhance the economic growth of the nation. This will also reflect in the prices of the commodities since any indirect tax paid before would be imposed on the consumers in the final stage. GST is proved to be an effective tool of fiscal policy. India is highly motivated to enact this new proposal to project itself as a beneficial market to international investments. But the positive effects of the entire system depend upon its realistic design and timely implementation.

### **CO-OPERATIVE FEDERALISM AND FISCAL AUTONOMY OF THE STATES IN THE GST REGIME**

It has been most prevalently accepted by the Indian Judiciary that our country is **quasi-federal** in nature. The highly-learned jurists of Indian Courts have conceded that the *federal structure is the basic feature of our Constitution*.<sup>15</sup> In general, the federal structure allows for the State to have fiscal autonomy and grants equal powers to them as that of the Centre. When GST is allowed, there arises a problem of the States suffering a huge fiscal inequality. There is also inequality among different States in their proposal to fix the Standard GST rates. There is an awaiting serious blow to the concept of fiscal autonomy of the states and if it becomes operational, much of the fiscal power of the states will then be out of their purview.<sup>16</sup>

As far as the GST rate is concerned, the RNR should be such that it does not hurt either the centre or the states in terms of revenue and also protects the fiscal autonomy of the states. GST proposes to subsume the taxes such as sales tax, VAT, luxury tax, entertainment tax, luxury tax, octroy, etc. which together constitutes around 52% of the states’ own tax revenues. In other words, for the protection of states' fiscal autonomy, one need to ensure that with the levy of GST, states will be able to protect their combined revenues from all the existing taxes.<sup>17</sup>

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<sup>15</sup> *Kesavananda Bharati v. State of Kerala*, AIR 1973 SC 1461, (quoting Sikri CJ).

<sup>16</sup> *GST and Autonomy of States*, 45 Econ. & Polit. Wkly 5 (2010).

<sup>17</sup> *Ibid.*

The GST Task Force of the 13th Finance Commission has proposed a revenue neutral rate for the States at 7% and for the Centre at 5%, thus putting the combined GST rate at 12%, which is lower than just the states' own general VAT rate of 12.5%.<sup>18</sup> Such a low rate would be feasible only if the GST base expands by such an extent that even after compensating for various revenue losses (due to the elimination of the cost and the increase in input tax credit in an integrated GST), the additional revenue would be large enough to be able to bring down the rate substantially. This may not actually happen and the very low rate recommended by the task force appears to be an outcome of the way the GST base has been estimated in that exercise.<sup>19</sup>

The *Report of the Task Force on Implementation of Fiscal Responsibility and Budget Management (FRBM) Act, 2003*<sup>20</sup> has made many suggestions about reducing fiscal deficit, increasing revenue from direct and indirect taxes, etc. The overall principles are based on unexceptional ideals of neutrality, non-distortion, vertical and horizontal equity and best international practices and so on. A little careful reading reveals, however, that the actual proposals of the Report are so much against the basic provisions of the Constitution.<sup>21</sup>

The Report begins with the 88<sup>th</sup> Amendment<sup>22</sup> of the Constitution on service tax, which has inserted under the entry 92C the item service tax in the Union List, List 1. The Amendment inserting Article 268A<sup>23</sup> is commented in the Report as only an "explicit taxing power".<sup>24</sup> *Central Excise Act and the Taxation of Services by the Finance Act* will be subsumed under the CGST. This should be through a legislation, which may be named "*Indian Goods and Services Act*".<sup>25</sup> The States will need to simultaneously introduce corresponding legislation for taxation of goods and services which will subsume their existing state level taxes. Under

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<sup>18</sup> *Report of Task Force on Goods and Services Tax*, GST 13<sup>th</sup> Finance Commission, dated December 15, 2009, Department of Revenue, Ministry of Finance, Government of India.

<sup>19</sup> *Supra* note 16.

<sup>20</sup> *Report of the Task Force on Implementation of Fiscal Responsibility and Budget Management (FRBM) Act*, dated July 16, 2004, Ministry of Finance, Government of India.

<sup>21</sup> Sukumar Mukhopadhyay, *Taxation and Constitution*, 39 *Econ. & Polit. Wkly* 3682 (2004).

<sup>22</sup> The Constitution (88<sup>th</sup> Amendment) Act, 2003.

<sup>23</sup> Article 268A of the Indian Constitution empowers the Union to levy, collect and appropriate the proceeds of service tax whereas the States can only collect and appropriate the proceeds.

<sup>24</sup> *Ibid.*

<sup>25</sup> *Ibid.*, at 57.

the proposed 'grand bargain', India will obtain the full efficiencies of a single national VAT, while retaining a federal structure.<sup>26</sup>

The super structure of CGST and SGST that have been built up is based on a complete disregard of the Constitutional provision. So far the amendments made by the Parliament have not limited the complications in the indirect tax structure. The amendment has not defined additional powers. The power to levy service tax was always there under entry 97 of List I under which service tax was being imposed in 1994-95. Even the Supreme Court has repeatedly confirmed in many cases, particularly in the cases of *Empire Industries case*<sup>27</sup> and *Ujagar Prints case*<sup>28</sup> that entry 97 of List 1, being the residual entry, is the enabling authorisation for levy if not covered under entry 84. This also applies to service tax under which all service taxes were being levied all along. Power of collection and appropriation were also there earlier, as in the case of central sales tax. These powers have now been explicitly placed in Article 268A. There is thus nothing new that has come 'now' due to this 88th Amendment.<sup>29</sup> Amendment has only made explicit the power of taxing services, which was there in the residuary power enshrined in entry 97 of list 1.<sup>30</sup>

The states will have the power to tax all services concurrently with the centre which is wholly unconstitutional. In the new 88<sup>th</sup> Amendment, the power to levy service tax is only with the Centre<sup>31</sup> and if States are given equal power of taxing, it would substantially dislocate the constitutional aspect *per se*. However, concurrent power to States can be given by an explicit provision in the Concurrent List. The Constitution permits the centre to levy central excise (which with input credit becomes CENVAT) and service tax. And with cross input credit it can become GST. For the States, it permits sales tax on sale by dealers up to the final consumer (which with input credit becomes VAT). Then the Centre can authorise the States to collect and appropriate some service taxes also though the Centre has to levy it. That is all that can be permitted under the present Constitution. No transgression of the constitutional provision will be allowed.

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<sup>26</sup> Id.

<sup>27</sup> *Empire Industries Ltd. v. Union of India*, 1985 (20) ELT 179 (SC)

<sup>28</sup> *Ujagar Prints v. Union of India*, 1988 (38) ELT 535 (SC)

<sup>29</sup> *Supra* note 21.

<sup>30</sup> *Supra* note 20.

<sup>31</sup> *Supra* note 22.

It must be noted that the Empowered Committee of State Finance Ministers has done a commendable job of achieving a broad consensus on several contentious issues relating to the introduction of GST in the country. The decision to introduce a dual GST and the agreement to introduce a uniform GST among states are important among them. However, they are yet to decide on the level and structure of GST rates among the states and relaxations on the uniform base and rates in respect of individual commodities and services. Once this is decided, the mechanism for compensating any revenue losses and the number of years for which compensation should be assured will have to be discussed and resolved with the central government.

### **IMPACT OF GST IN THE INDIAN ECONOMY**

GST is an indirect tax which will include almost all the indirect taxes of Central Government and State Government into a unified tax. GST has dual model including central GST (CGST) and states GST (SGST). CGST will subsume central indirect taxes like central excise duty, central sales tax, and special additional duty on customs; counter veiling duties whereas indirect taxes of state govt. like state vat, purchase tax, luxury tax, octroi, tax on lottery and gambling will be replaced by SGST.<sup>32</sup> Integrated GST (IGST) also called interstate GST is also a component of GST. It is not an additional tax but it is a system to examine the interstate transactions of goods and services and to further assure that the tax should be received by the importer state as GST is a destination based tax.<sup>33</sup>

Regarding the imposition and collection of GST, a law made by Central Government on GST will not overrule a State GST law. Even in the matter of imports, and goods which are crossing the boundaries of states the Centre will completely have the right to levy the IGST and distribute it to the States. The distribution of powers between Centre and States is decided on recommendation of GST council.<sup>34</sup> Further 1% tax on interstate taxable supply of goods which is levied by Centre and directly proportioned to the Exporter State, this tax will be charged for two years or for longer time period recommended by the GST council.<sup>35</sup> For

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<sup>32</sup> Sibin K, *Goods and Service Tax (GST) In India–A Landmark Tax Reform*, III IJHSS 268 (2016).

<sup>33</sup> Dr. Mateen Ahmed Siddiqui, *GST: An Advantage for Indian Economy*, 3 IJBEMR 50, 51 (2016).

<sup>34</sup> *Analysis of GST Amendment Bill*, GST India, (Jul. 5, 2016), <http://www.gstindia.com/analysis-of-gst-amendment-bill/>

<sup>35</sup> *Ibid.*

maximum of five years, Union will compensate States for the revenue losses arising out of GST implementation, this compensation will be made on the recommendation of GST council.<sup>36</sup>

Supporters favouring GST argue that there is a high possibility of facilitating competition among domestic goods nationally and in the international market in the GST regime. This increases the export quality and quantity minimising the import costs. Due to the availability of cheap goods the number of taxpayers will increase and overall tax collection of states will also boost. This increase in tax revenue will lead to fiscal consolidation which is demanded by current state of Indian Economy.<sup>37</sup>

Once GST is implemented taxation for both manufacturing and services will be decreased and payable fairly resulting in improved tax base and minimized exemption.<sup>38</sup> The merits of the GST are quoted to be the transparent tax administration and removal of “cascading burden of tax on tax”. In the proposed GST tax regime, IGST is levied on interstate commerce and supply of goods and services potentially protecting the small and medium enterprises from unhealthy competition of the corporate goliaths.<sup>39</sup> Replacement of GST as a substitute to multiple taxes of central and state governments will have a much easier system to implement reduction in the accounting complexities for business will make the manufacturing sector more competitive and boost the economy by 1% - 2%.<sup>40</sup>

The major drawback to GST is the controversial fixation of standard GST rates among the States and between the State and the Centre. Union Government is reckoning the rate band should be 15% - 20% which is very high as compare to other countries.<sup>41</sup> As per 14<sup>th</sup> Finance Commission Report, the Union has to compensate states for maximum of five years with tapering effect, for the first three years 100% compensation reduced to 75% and 50% in fourth and fifth year respectively.<sup>42</sup> Implementation of GST common threshold limit for all indirect taxes is required which might turn into a conflict between State and Centre.

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<sup>36</sup> *Supra* note 33, at 51.

<sup>37</sup> *Ibid*, at 52.

<sup>38</sup> *Ibid*.

<sup>39</sup> *Ibid*, at 52.

<sup>40</sup> *Ibid*, at 53.

<sup>41</sup> *Supra* note 6.

<sup>42</sup> *Report of the 14<sup>th</sup> Finance Commission*, dated February 24, 2015, Department of Revenue, Ministry of Finance, Government of India.

Moreover the exemption clauses as provided in the GST Bill are so exhaustive that it features to exclude many types of taxes from the purview of credit utilisation. It is expected that the States might suffer revenue loss in the initial stages of GST implementation.

The major impact of post GST implementation is that it determines the value of the commodities and services. Even if the GST rate remains the same as that of all the taxes of the current tax regime put together, there is no benefit arising out of its implementation. There is also an equal chance of increase in the value of the commodities. In such case, the process of enforcing GST would result in economic ramifications. There might not be an enriched investment flow as anticipated. There might be a serious blow in the export and import of goods and services. Absence of credit utilisation could seriously hamper consumer satisfaction. Competitiveness among domestic markets and between domestic and international markets would be mitigated. Thus it is necessary to amend the features of the Model GST law such that it is beneficial to all sectors of the economy *in toto*.

### **SUGGESTED CHANGES AND CONCLUSION**

GST would be highly lucrative if it is directed to all sectors of the Indian economy. The following recommendations are prescribed in light of the infirmities in the GST Model law.

- i. The revenue standards of the States are likely to be affected in the post-GST implementation which may lower the production systems and other transactions in the initial level. But the increase in the GST rates to govern the revenue loss would inevitably harass the common man with high product prices. Therefore, increase in GST is not a proper solution to address this problem.
- ii. The GST rates have become a matter in dispute where no consensus has been reached by either the States or the Centre so far. States do not agree to low tax rates since they have to meet the revenue loss. Here comes the crucial aspect of determining the rules of interpretation to GST. The Parliament should interpret in **favour of consumers** and not in favour of revenue to the State while fixing the Standard GST rates.
- iii. The Model GST Law has excluded several types of taxes from its ambit and it is very ambiguous to call them as a process of unifying the cumbersome Indian tax

structure. If GST really intends to lower the costs of the commodities, it should widely include various sectors operating in India. It is suggested that the list of exemptions should be few in number and majority of the sectors should be allowed to take input credit with lower RNR.

- iv. Exclusion of stamp duty<sup>43</sup> from the purview of GST can invariably increase the house prices and reduce demands in the real estate sector. With the fall of real estate demands, the price of the house will inflate *volens nolens* drastically. Thus the rates of stamp duty should be removed or reduced to certain extent.
- v. There is no cross-utilisation<sup>44</sup> of input credit. The tax payers can avail set-off exclusively on the taxes falling under one head i.e. SGST or CGST. This can increase the prices if a particular transaction is covered specifically under both SGST and CGST. Therefore, cross-utilisation of input credit should be made available to avoid the multiplicity of taxes. The GST has excluded several types of taxes from its ambit and it is very ambiguous to call them as a process of unifying the cumbersome Indian taxing structure.
- vi. No additional compliance costs and burden should be imposed on the tax payers. This is because the current tax regime is loaded with the multitude of taxes requiring the taxpayers to adhere to various requirements. This has invariably ended up in the evasion of taxes and illegal practices. In any case of intricate compliance requirements in the GST system, it may result in administrative inconvenience and practically GST being unsuccessful.

Most of the drawbacks mentioned could be handled by India to a certain extent i.e., the RNR could be minimized by the inclusion of petrol, liquor, land, electricity within the ambit of GST which will enhance the tax base and increase the revenue for the government<sup>45</sup>, for a temporary relief to industrialized states additional 1% tax for two years as interstate sale and supply of goods is proposed in GST.<sup>46</sup> The role of IT infrastructure would be vital and significant for the current GST regime which aims to promote the taxing system under

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<sup>43</sup> Stamp duty means the charge levied by each State in relation to the transactions of land and property. It mainly purports to the registration of real estate transactions.

<sup>44</sup> Jyoti Raj, *Window to Goods & Service Tax (GST)*, GST India Online, available at [www.gstindiaonline.com/pages/gstlegislation/article/arp/cur/01/03.asp](http://www.gstindiaonline.com/pages/gstlegislation/article/arp/cur/01/03.asp).

<sup>45</sup> *Supra* note 33, at 53.

<sup>46</sup> *Supra* note 6.

electronic distribution to States. Although certain drawbacks are mentioned, it is high time that GST has to be implemented with the increase in production and consumption of goods and services and levying of different taxes at different levels, difficulty in management, assessment and collection of taxes is also increasing. This taxing system will surely give India a world class tax system by grabbing different angles to manufacturing and service sector.

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