

# From the Desk of the Editor-in-Chief

*"In the interest of the prosperity of the country, a King shall be diligent in foreseeing the possibility of calamities, try to avert them before they arise, overcome those which happen, remove all obstructions to economic activity and prevent loss of revenue to the state."*

*Kautilya*

Taxation in India dates from the ancient period of Manu Smriti and Arthshastra. After years of wait finally now India is a nation with single taxation GST (Good and Services tax). The present Indian Taxation system is based on the ancient tax system which was based on the theory of maximum social welfare. It is one of the biggest fiscal reforms in India since Independence. It is a system that will allow states and the center to work together towards a new India.

GST is a management case study. The historic GST or goods and services tax has become a reality. The new tax system was launched by Hon'ble President and Prime Minister of India at a function in Central Hall of Parliament on the midnight of June 30th, 2017 which embodies the principle of "one nation, one tax and one market". Hon'ble Prime Minister says, 'GST is Good and simple Tax, it is transparent and will end corruption and black money. Sardar Vallabhbhai Patel unified the country and GST will bring economic unity to India.'

The concept of GST is aimed at unifying the country's \$2 trillion economy and 1.3 billion people into a common market. For corporates, the elimination of multiple taxes will improve the ease of doing business. And for consumers, the biggest advantage would be in terms of a reduction in the overall tax burden on goods. "Inflation will come down, tax avoidance will be difficult, India's GDP will be benefitted and extra resources will be used for the welfare of the poor and the weaker section," Finance Minister Arun Jaitley said at GST launch event in the Parliament.

All businesses, whether small or large, will be impacted by this new indirect tax regime. Indirect taxes in India have driven businesses to restructure and model their supply chain and systems owing to multiplicity of taxes and costs involved. Total tax collection in India (direct & indirect), currently stands at Rs.14.6 lakh crore, of which almost 34 per cent comprises indirect taxes, with Rs 2.8 lakh crore coming from excise and Rs. 2.1 lakh crore from service tax. With the implementation of GST, the entire indirect tax system in India (excise, state-level VAT, service tax) is expected to evolve. The tax revenue mix can change as per the economic condition of the country. In developing countries, indirect taxes comprise a higher share of total taxes, whereas in developed countries, their contribution is significantly lower. For example in Australia, indirect tax contributes just 13 per cent of total tax collection. After GST, the percentage of indirect tax is expected to increase in India.

Most economists forecast inflation to come down as GST rates for most goods have been fixed at a lower rate. "It's not optimal, but let the best not be the enemy of the good. Even with its imperfections, it could usher in significant benefits, especially through a quantum leap in transaction trails and logistical efficiencies," Mr. D. K. Joshi, chief economist of Crisil, wrote in a report. With the seamless flow of tax credits and stabilization of GST compliances, good growth is expected in the medium- to long-term. The unorganized players, in the pre GST period had the advantage of operating beyond the existing tax structure which is going to change now.

I have an ardent hope that you all will enjoy reading the articles in the current issue and will revert with your valuable contents.

Enjoy Reading!

Sanjeev Bansal