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# A Study of Goods and Services Tax on Manufacturing units with special reference to 'Rainbow International PVT. LTD. Patna'

• Antra Verma • Dipali Singh • Widisha  
• Kirti Kamal

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Corresponding Author : Kirti Kamal

**Abstract :** *The announcement of GST on 1<sup>st</sup> July, 2017 created significant disruption throughout the economy. This study analyses the impact of GST on manufacturing unit and consumers perception to this, 'One Nation One Tax' concept. Conceptually, GST has numerous benefits This study is focused on the fact that manufacturers and consumers need to have more knowledge about the benefits of GST. Overall GST is known to be beneficial for both the consumer and the manufacturing concern including Rainbow International Pvt. Ltd.*

**Key words:** *GST, CGST, IGST, ITC, CST, VAT, Cascading effect.*

## Introduction :

Tax is system of raising money to finance the Government, who in turn uses this revenue to fund soldiers and police, builds dams and roads, funds schools and hospital, allocates funds for people below the poverty line and for various other purposes. (Charles E. McLure Jr et al)

Taxes in India are levied by the Central Government and the state governments. Local Authorities can also collect some minor taxes like municipality tax

GST or Goods and Services Tax is a replacement of many Indirect Taxes in India. The Goods and Services Tax Act was passed in the Parliament of India on 29<sup>th</sup> March 2017. The GST ACT came into effect on 1<sup>st</sup> July 2017.

GST has enabled people to pay a unified tax on goods and services instead of 17 different taxes paid in pre GST regime. The two sales on which GST is charged are Intra-state sales and Inter-state sales respectively. In Intra-state sales the goods are produced and its and consumed in the same state whereas in Inter- state it is done between two different states.

### Antra Verma

B.Com. III year, Session: 2016-2019,  
Patna Women's College, Patna University, Patna,  
Bihar, India

### Dipali Singh

B.Com. III year, Session: 2016-2019,  
Patna Women's College, Patna University, Patna,  
Bihar, India

### Widisha

B.Com. III year, Session: 2016-2019,  
Patna Women's College, Patna University, Patna,  
Bihar, India

### Kirti Kamal

Assistant Professor, Department of Commerce,  
Patna Women's College, Bailey Road,  
Patna – 800 001, Bihar, India  
E-mail : [krt.kamal@gmail.com](mailto:krt.kamal@gmail.com)