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EDITORIAL TEAM

**Dr Tomy K Kallarakal, Associate Dean – Deanery of
Commerce**

Dr Nithila Vincent, HOD – Department of Commerce

Faculty Coordinators

Dr. Alice Mani

Dr. Deepika Upadhaya

Dr. Akanksha Khanna

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GST- A Friend or a Foe

LATA NAHATA

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Goods and Service Tax, bill was introduced by our finance minister Sri Arun Jaitly, seven months after the formation of the Modi Government. People are still in dilemma what GST is all about? Goods and Services Tax (GST) is an indirect tax, which will subsume or replace many taxes of Central and State Government. It can be explained in a much better way with an example-

“Suppose today is your birthday. Your daddy bought a packet of chocolates for you to distribute in the class. On your birthday you left your house with your Daddy and met Tinku, one of your classmate and his mother. Both of them wished you Happy Birthday and you gave a chocolate to each one of them. You reached school gate and your father wished you again. The Gatekeeper heard that and wished you and you gave him a chocolate. The remaining chocolates were distributed in the class but your best friend Raman was absent and he didn't get. Tinku got the chocolates twice. Now, consider your birthday as your business and chocolates as taxes. Chocolate given to Tinku's mother is a **local tax**, given to gatekeeper is an **entry tax** and given to your classmates is **services taxes** and Tinku got the **surcharge** but Raman didn't get anything. What is GST now? The Principal made a new rule that whoever's birthday, he/she would hand over the packet of chocolates to him and he would distribute everyone **equally**. It had two advantages- first everyone would get and secondly the distribution time would get reduced. This is what GST is. Instead of paying different taxes to different department, pay the whole tax amount at one place. It is beneficial to the majority of the people but people like Tinku suffers and they protest against it.”

Many central government and state government taxes are removed. The GST rates are different on different items. GST rates are 0%, 5%, 12%, 18% and 28% on different products. The price of basic goods and services has not change or maybe there's a slight change but the luxury goods became more expensive. There are certain commodities kept outside the concept the GST.

They are-

1. Alcohol for human consumption
2. Petroleum crude
3. Motor Spirit (Petrol)
4. High Speed Diesel
5. Natural Gas
6. Aviation Turbine Fuel

GST has been implemented from 1st July, 2017. Earlier, the tax of a product manufactured in a particular State is different and when it is sent to other states, tax rate would increase. This creates changes in the price of the same product. But after GST, this inequality is removed. Tax rate is the same no matter where it is produced or sold.

There are some people opposing GST as in case of Surat, especially the textile traders. It was started from June 15. A massive rally was taken out by textile traders on 2nd July afternoon to protest the GST on Man Made Fibre (MMF) and submitted a memorandum to the district collector. In a village of Aurangabad, farmers donated free milk to people facing shortages but warned that if the government did not budge, the situation would worsen by the weekend. This is how the protest is still going on in various states against GST.

To sum up, it is a fantastic step taken by the government for the development of our Nation and to have a transparent economy. GST is completely a new concept in India. People need time to understand its impact and the overall scenario. With time, everything will be solved. With this we expect India will be a tax compliant country.

GST – A GAME CHANGER

By: M.ArvinddShanmugam

5 B.Com (Hons) D

The much awaited indirect tax reform has finally been implemented, The Goods and Services Tax (GST) has come into effect from the midnight of June 30, 2017. Our newspapers, TV news channels, magazines and even our facebook posts and whatsapp messages are all about GST. This article is not about what is getting costlier/cheaper after GST, it's going to be about the essence of GST. In order to appreciate the benefits of GST let us first understand the indirect tax system of our country before GST.

Before GST we had around 17 indirect taxes, but let's see the major ones. The central government levied excise duty on manufacturing and service tax on service providers. The state government collected sales tax (VAT) on sale of goods and various other taxes like entry tax and entertainment tax. Also we had Central Sales Tax (CST) on inter-state sale of goods. Customs duty was charged on import and export of goods. Under the GST regime all these taxes except Customs duty are subsumed into one tax i.e. GST.

GST is going to be beneficial for the entire nation because it's going to reduce the cascading effects of tax (i.e. tax on tax). I will give you an example; a wheat flour manufacturer sells his flour to a bakery for Rs.100, which includes a tax of Rs.10. Now the bakery in turn produces biscuits out of this flour and sells it for Rs.200, which includes a tax of Rs.20. Bakery collects Rs.20 as tax from its customers, but already it has paid Rs.10 as tax to the flour manufacturer. So its effective output tax liability will just be Rs.10 (Rs.20 – Rs.10).

This is the concept of input credit setoff. In the previous regime a person cannot setoff his sales tax with excise duty/service tax because these were collected by different authorities. But with the arrival of GST, the process of getting input credit will become seamless, as they will deal with only one tax. Let me again illustrate this with another example. A manufacturer of goods wants to promote his products, so he hires a marketing firm. The marketing firm provides him advertising and other brand promotion services. Now the manufacturer will have to pay money for this services which includes service tax.

In the previous regime, the manufacturer will not be able to claim input credit for the service taxes he had paid because he was not registered with the service tax department as he was not a service provider. But now this problem will not arise, because we have only one GST and he can easily claim input credits for the service tax paid by him on input services. But in order to benefit from this, all the businesses should be registered in the GST Network (GSTN). Also they will have to file their returns and pay their taxes in a proper manner. That's why GST is said to benefit the organized sector, the non-tax paying businesses will not be able to enjoy a price advantage, from now onwards.

Critics point out that GST should be implemented with a single rate to be effective, instead of the four rate slabs (5%, 12%, 18% and 28%) now. Many of them also question the efficacy of GSTN, which is an online portal where all the returns are filed. In spite of these criticisms one should acknowledge the fact that GST is a first step in the right direction. We may face initial hurdles in this transition, but we are going to reap a lot of benefits in the coming years. In the next issue we will see about the three components of GST: Central GST (CGST), State GST (SGST), Interstate GST (IGST) and how GST is consumption based tax.

Goods & Service Tax

From: KHUSHAL DAGA

In this world of dynamism there is a constant tendency in things and in humans to change. As Change is only permanent, it is desirable too.

A similar change has taken India, and it's citizens by surprise.

An unperfected tax reform after the Independence of India has recently taken place(GST) , replacing the Orthodox system.

GST is essentially an "all indirect taxes in one simplified form".

"Cleartax.in" defines GST as "a comprehensive, multi-stage, destination-based tax that will be levied on everyone addition".

From the definition, it is evident that GST is collected at every stage of "value addition" on sale and that, it is charged at the destination of transfer of goods rather than the source itself. To be general, the summation of all the indirect taxes at present came up to 28% approximately but on the implementation of GST, it is likely to considerably decrease to 18%-20%.

So basically the indirect taxes (sales tax, VAT, excise duty custom duties..etc.) would be replaced by a single tax i.e. GST.

The broad and basic sectors namely- primary sector, secondary sector and service sector will be affected by GST in different aspects and perspectives.

To start with primary sector, agriculture is estimated to be positively affected by GST in the sense that it will terminate the issue of transportation of agricultural products by providing India with a National market for agricultural products whereas there is an anticipated downfall in the mining sector due to an increment of 3% in the tax rates (from 15 to 18). Moreover, "ROYALTIES" will not be intrinsic in the GST, thereby making it an additional cost.

A very significant impact the GST will have upon taxation is that it will prevent tax CASCADING (tax upon tax) and only one indirect tax will be required to be paid. This will in turn influence the secondary sector (or manufacturing sector) by reducing it's cost of production because tax will be charged only at single stage rather than turnover tax with each successive transfer being taxed inclusive of any previous cascade taxes being levied.

A four tier GST rate structure has been devised by the government 5%, 12%, 18%, and 28% though a substantial part of the SERVICE SECTOR will be charged 18 %. A conspicuous increase in the tax rate under GST regime will make it comparatively costly and increase in cost.

Now, people will react rather subjectively as there will be diversified perspectives.

People are accepting it with a gleam in their eyes and hope that it will bring about phenomenal changes in the economic system of our country.

Many economists are of the view that this will be a "GAME CHANGER" for the Indian economy.

While many people are unsettled on its introduction, the government is keen to console them with the boons of the new promising tax regime. Prime Minister Narendra Modi said in one of his speeches, "GST is a good and simple tax regime that will eliminate the compounding effects of multi-layered tax system."

The fact remains unperturbed that government has put in much effort to make the tax system more simplified but pragmatically concluding, the actuality in the long run will only unfold in the due course of time.

It'sGuSTa baby!

By Vidhya Hariharan,1B. Com B

Rajasthan & Chhattisgarh: On June 30, at the stroke of midnight the Prime minister of India enforced the Goods and Services tax(GST) , a reform that is all set to revolutionize the Indian economy. To rejoice this occasion, a new mother in Beawar, Rajasthan decided to name her new born, whom she gave birth to on July1 12.02 am, as GST.Soon enough, news about the baby started crowding the internet. Considering this incident to be a positive response from the people, the BJP party members took to social media to congratulate the mother and amongst them were Nalin S Kohli, spokesperson for BJP and Vashundara Raje, Chief Minister of Rajasthan.

A similar incident has taken place in Chhattisgarh's Koriya district. Post the GST rollout, a woman gave birth to a baby girl whom the parents decide to call GST. The baby girl's father Jagdish Prasad joyously remarks that the PM announced the enforcement of GST on the same day as his child was born. Unable to hold back his excitement he decided to name his baby GST to make the birthday of his child a memorable one. Following the offbeat decision of Jagdish Prasad and his wife, the family has beenreceiving immense fame and people are coming in huge numbers to see the parents and the new-born. Jagdish is overwhelmed as he has never received such fame or recognition in life.

The GST reforms have received mixed reviews from many. While the ruling government sticks to its claims that GST will improve the common man's life, opposition parties are claiming that it is an unplanned and faulty move just like demonetisation and GST is on its way to create an economic hole. All that is left is for consumers to decide whether GST has helped reduce the burden of multiple taxes on their lives or if GST is actually the bigger burden.
economic hole. All that is left is for consumers to decide whether GST has helped reduce the burden of multiple taxes on their lives or if GST is actually the bigger burden.

TRAIT THEORY OF LEADERSHIP –

Varsha Hebbar

Trait theory of leadership is considered to be the first modern theory of leadership. Over the years, this theory as proposed by Thomas Carlyle has been subjected to much scrutiny. Though it has been criticized for its narrow perspective and its ignorance of some basic ideas that impact leadership, it still continues to be popular enough. Trait theory of leadership has some undeniable strengths on one hand and some weaknesses that cannot go unnoticed on the other. An offshoot of the ‘great man’ theory, the trait theory of leadership is a systematic approach that attempts to explore the innate characteristics of great leaders. Some of the agreeable strengths of the theory include:

- The theory lists out some traits which are common to all great leaders by categorizing observable behavior that makes it easy to identify leaders and to separate them from the rest of the crowd. Some of these common traits include intelligence, sociability, determination, self-confidence and integrity.
- As opposed to theories of similar nature, almost a century of research has gone in to the proposition of this theory. Though theorists have conducted studies independent of each other, they have arrived at a similar set of common traits. Hence, the trait theory of leadership can be considered reliable.

As there are two sides to every coin, it is not wrong to say that the theory has some flaws that stand out.

- The epicenter of the theory is the unshakable belief that leaders are born great and not made great. Leadership is considered to be an inherited trait and not one that can be developed, and history has proven this belief wrong.
- It is argued that traits are incapable of determining behavior at times. The theory ignores the significance of situational factors and circumstances in influencing behavior.
- The ambiguity and subjectivity of the findings make the validity of the approach questionable.

The leader I have chosen for the discussion is Mahatma Gandhi. Some powerful leaders can shape the world, but only a very few can truly transform the world they inhabit into a better

place, and Mahatma Gandhi was one of those few gifted souls. Some of the traits that make him one of the greatest people to have ever walked the planet are:

- Faith in oneself: Gandhi came from a very humble background. He had no political backing to support him in his crusade to free a wounded nation from the shackles of British oppression. What kept him going was the undying faith in himself and the faith in the purpose. “Men often become what they believe themselves to be. If I believe I cannot do something, it makes me incapable of doing it. But when I believe I can, then I acquire the ability to do it even if I didn't have it in the beginning.” This is exactly what a true leader needs to make his mark in the world.
- Resilience, persistence and determination: “First they ignore you, then they laugh at you, then they fight you and then you win.” There will be many obstacles that will make you trip and fall before you reach the finish line. But the resilience, persistence and determination to pick yourself up, dust yourself off and move on, each time you fall make you stand out as a true leader.

Numerous traits can be attributed to a leader. But Trait theory of leadership narrows it down to a few prominent ones like persuasiveness, courage commanding personality, high degree of intuition, intelligence, aggressiveness, judgment and action orientation. The general belief is that these traits cannot be taught or learnt in a formal manner. Mahatma Gandhi is one of the few people who embodied most of the traits that the Trait theory of leadership requires a true leader to embody. In today's competitive world, there are many who are wying to become leaders, but only a few make the cut and Trait theory of leadership does to a certain extent explain why these lucky few do manage to make the cut.

IMPACT OF DEMONETIZATION

Shivadarshini
1 B.Com (D)

Roughly around nine months back **Demonetization** was the buzz word everywhere. Let us see what demonetization actually is and its impact on various classes of people in our economy. Our Prime Minister Narendra Modi announced the bigger denominations 1000's and 500's to be invalid or precisely its value to be "null". This was actually a very bold and daring decision towards making our country "Clean India". Even though there was a strong opposition among the majority he came up with this idea and surprisingly implemented it. With just a single step, the NDA government has attempted to tackle all the **major issues that are affecting the Indian economy i.e.**

1. *A parallel economy,*
2. *Counterfeit currency in circulation &*
3. *Terror financing.*

One major thing about demonetization is that it is a very slow and fruitful process but painful one though. The main aspect of this process was to eradicate corruption and to bring out the black money that was stagnant and leading to economic disruption.

Now let us understand the positive and the negative effects that it has left amongst the population and economy.

Firstly, it is a big leap towards "Digital India" – which is cashless and digital economy. I very well remember when the announcement was made it was very easy for students and working class to easily get out this fuss but the same was not the case for people below the poverty line nor for billionaires and high class people. Students didn't have much money in their hands and their savings too, so they had to exchange few notes, that's it. In case of people working in MNCs, they also had less tension since mostly of their salaries were credited in their bank accounts and it was bank's head ache to take care of it. They mostly didn't have so much cash in hand and hence good to go.

The main issue was for the people below the poverty line who were solely dependent on their daily wages and who didn't have large bank accounts. They had a major impact on their living since this decision. Maybe some exception in their case would have been helpful. They had to stand in long queues to exchange whatever they had as their savings which not only affected their work but also a delay in their wages which again is a huge loss to them. Finally coming to upper middle class people where all this bribe, corruption and black money originates also had trouble in either hiding these huge amounts or was in the fear of getting caught. But still they had strategies and plans to actually safeguard their money, so not a large amount of black money came out.

One good thing that happened was the digital mode of payment and online transactions tremendously increased due to demonetization. I don't remember carrying huge amount in

wallet from that time till now. This actually has paved way for the improvement in technology and awareness among people in going cashless. With the introduction of digital wallets, internet banking, e-currency and so many more it is helping our nation towards development.

The other one was regularized tax payments and send off to the traditional tax systems which was highly unfair. The transformation of the routine tax system from the scheduled tax payments of MNCs to all the business class according to their ability and income levels has definitely made our economy a stable one and indeed helped in progress towards development.

The next effect of demonetization is the cash crunch which is irreversibly tied to the withdrawal limits which were implemented at the bank level. Because of this there was both good and bad effects. People of all classes had only the specified amount for their daily and weekly expenses and hence all were equalized in this case. The down side of this cash crunch was unnecessary expenses due to insufficient cash flows and inadequate change returns which majorly affected middle class and business class people.

Hence there is no discrete line of separation between the good and bad effects of demonetization. We should see good in bad and vice versa in order to grow and prosper. Undoubtedly demonetization has helped in uplifting our Indian Economy but it has lost its way in competing with humanity. Few precautions could have been taken, for example, strong campaign for having Aadhaar card as national identity was taken. Similarly having a bank account should have been made mandatory. This measure would not only have created awareness among uneducated people but also condensed their sufferings.