



e-ISSN:2582-7219



# INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH IN SCIENCE, ENGINEERING AND TECHNOLOGY

Volume 7, Issue 12, December 2024



INTERNATIONAL  
STANDARD  
SERIAL  
NUMBER  
INDIA

Impact Factor: 7.521



6381 907 438



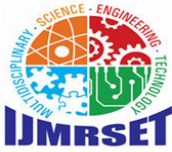
6381 907 438



ijmrset@gmail.com



www.ijmrset.com



## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

# Impact of GST on Construction Industry

Ritika Sahu, Dr. Anita Choudhary

BBA 5th Semester, NIMS Institute of Business Studies, NIMS University, Jaipur, India

Assistant Professor, NIMS Institute of Business Studies, NIMS University, Jaipur, India

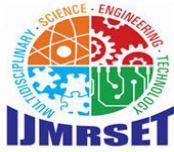
**ABSTRACT:** the goods and service tax (GST) is a value added tax levied in India on the supply of goods and services. It is a comprehensive multistage, destination based on one nation one tax. Goods & Service Tax has made large scale changes in the working pattern of all the sectors of Indian Economy. One of the sectors is construction industry. GST on construction sector hiked to 18%. The government has hiked the Goods Service Tax Rate for the construction sector to 18% from 12%. But it also allowed deduction of land value equivalent to one third of total amount charged by the developer for GST calculation. In this paper the factors which affect the construction industry through GST is identified. And the analysis of identified factors has been done. Introduction of Goods & Service Tax has made large scale changes in the working pattern of all the sectors of Indian Economy. The Construction Sector, often known as an “unorganized sector” has been hit by it the most as in construction sector, there are large number of activities involved, a big budget is put up initially, knowledge regarding the document management as well as the management of financial aspects is not done as per the required terms. Often there are shortcuts taken to deal with the tax enhancing activities, which is making the construction industry prone to the bad effects of GST on its working and is regularizing the unorganized sector. There are myths that construction sector is facing a slow down due to GST, there is a rise in the cost of materials, machinery as well as man power due to GST, but the actual scenario is being studied by taking an existing building if construction as per the old system of taxation and if the same is constructed as per the GST regime. The difference in the cost is calculated on unit basis to check the effects of GST on Construction Sector.

**KEYWORDS:** construction industry, good service tax (GST), economy, GST, Construction, Effects of GST, GST in Construction, Construction Cost for GST, Building Construction.

### I.INTRODUCTION

The Construction Sector, often known as an unorganized sector has been hit by it the most as in construction sector, there are large number of activities involved, a big budget is admire initially, intelligence considerate the form management as well as the direction of economic aspects is not done as per the required terms. Often there are alternative taken to deal with the tax boost activities, which is making the construction industry level to the cursed effects of GST on its working and is assign the random sector. There are illusion that construction sector is facing a slow down due to GST, there is a growth in the cost of materials, devices as well as personnel due to GST, but the actual status is being calculation by taking an surviving building if construction as per the old system of tax collection and if the same is constructed as per the GST reign. Introduction of Goods & Service Tax has made enormous changes in the working pattern of all the sectors of Indian recession. The disparity in the cost is calculated on unit basis to check the effects of GST on Construction Sector.

The detailed studies starting from the incubation stage to the submitting stage would detail in where is the area of disquiet where the cost of project has affected due to GST appliance. These consideration not only give a fair drawing of what all area of concern are to be seen to close out the avoidable charge but it will also help the project executive to evaluate and form such itinerary. Those are met with as per the lineup cost and time frame to avoid the effects of cost deviation in the building construction industry. So, to get a fair picture of increase or decrease in cost due to GST, detailed study of a project before and after GST is done for a check in cost deviation. This alteration introduced a nationalGoodsandServicesTax(GST) inIndiafrom 1 July 2017. The Goods and Service Tax Bill was approved in the SANSAD on March 30, 2017, with four extra commandments- ➤ The Central GST charge



## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

➤The Integrated GST charge ➤ The GST charge ➤ The Union Territory GST charge.

In Construction industry, there has always been a need to improvise the way of working to achieve better results, saving in time, energy and cost. In doing so, there are lot of shortcuts taken, lots of time saving activities are conducted which results in inadequate data regarding all aspects of the projects. There are certain things which are completely absent when it comes to documentation of all the project data on completion of project. In all these things, there exists a scope of improvement, in order to regularize this; the finance ministry has put up Goods & Service Tax (GST) in order to regularize the construction sector. Introduction of Goods & Service Tax (GST) by the government of India has led to a lot of ambiguity in the Construction industry because it's not only a new thing to deal with but, it will also regularize the so called "Unorganized Sector".

To arrive at a conclusion, detailed studies starting from the gestation phase to the handover phase would depict in detail where are the area of concern where the cost of project has affected due to GST implementation. These studies not only give a clearer picture of what all area of concern are to be seen to eliminate the unnecessary cost but it will also help the project manager to analyze and form such schedules that are met with as per the scheduled cost and time frame to nullify the effects of cost variation in the building construction industry. So, to get a clear picture of increase or decrease in cost due to GST, detailed study of a project before and after GST is done for a check in cost variation.

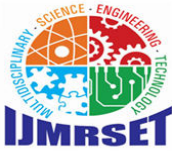
The GST has changed the entire outline of the oblique taxation system in India. It is considered as the biggest ever tax reformation. GST undivided all the indirect taxes less than one gamp and created a soft national market. The main objective behind implementing GST is to avoid carbon copy of taxes and thus focus on one nation one tax. By 2020 the India Real Estate Sector is expected to grow annually. In Real estate sector, a huge percentage of each project costing goes unrecorded in the record. Real estate sector also has benefited with new tax law having a positive effect on all additional industries.

The introduction of GST at the Central level is not only include comprehensively more indirect Central taxes and integrate goods and service taxes for the purpose of set-off relief, but may also lead to revenue gain for the Centre through widening of the dealer base by capturing value addition in the distributive trade and increased compliance. In the GST, both the cascading effects of CENVAT and service tax are removed with set-off, and a constant chain of set-off from the original producer's point and service provider's point up to the retailer's level is established which reduces the burden of all cascading effects. This is the real meaning of GST, and this is why GST is not simply VAT plus service tax but an improvement over the previous system of VAT and disjointed service tax. Moreover, with the introduction of GST, burden of Central Sales Tax (CST) will also be removed. The GST at the State-level is, therefore, justified for-

- ADDITIONAL POWER OF LEVY OF TAXATION OF
- SERVICES FOR THE STATES
- SYSTEM OF COMPREHENSIVE SET-OFF RELIEF,
- SUBSUMING OF SEVERAL TAXES IN THE GST
- REMOVAL OF BURDEN OF CST

Engineer to study the GST impact, for the same following points can be stated for which a Civil Engineer needs to study GST & it's consequences in construction sector:

- High Initial Investing Sector.
- Contractor's Relied on Labour's.
- Service Charges.
- Machinery Cost.
- Material Cost.
- Man Power Cost.
- Rate of Interest on Borrowings.
- Labour Contracts Turn Dicey.
- Transparency of Tax Reforms.
- No Scope of Cheat.
- Organizing the Unorganized Sector.



## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

- Project Planning, Scheduling & Budgeting

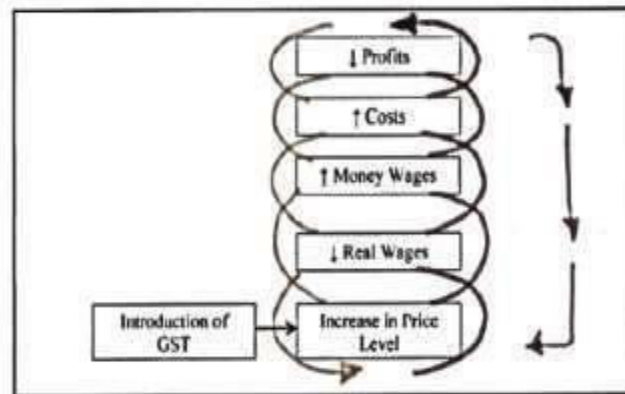


Fig1. GST CYCLE

Building material costs are the major components in construction development costs while GST implementation has been identified to have inflated the construction material prices within a year of implementation. Findings as shown in Table 1 indicate that all building materials set the highest cost increase after GST implementation is not surprising as prior to GST implementation only second schedule materials were being charged of sales and service tax (SST). On the other hand, GST had also led to an increment to the land acquisition cost although supply of land for housing properties is exempted from GST. Hence, the argument of Dato' Subromaniam Holsay saying that the "biggest cost components" which is land being exempted from GST would lead to cost saving for housing developers is imprecise. Besides, marketing costs has also been raised after GST implementation which may be a result of developers outsourcing marketing agents to help them boost the sales of Moreover, labour cost as indicated at Table 1 does not get a significant GST impact as neither increase nor decrease.

GST, which has been one of the longest awaited tax reforms, got unanimous approval of both houses of parliament this monsoon session. Union government of India has set a deadline of April 2017 for its roll out how it might impact taxes in residential real estate transactions has got varied views of industry experts. Let's first understand the various taxes applicable in a residential real estate transaction.

**1. Service Tax** – If you are purchasing an under-construction property, developer will have to charge you service tax and deposit it with central government. This tax was not applicable till 1st July 2010. The key reason for the same was contract between builder and buyer for construction of residential unit was disputed as works contract as it also includes value of land. Hence rules regarding taxes on work contract were not applicable on residential complex construction. In finance act 2010, government added an explanation to definition of construction of residential complex and made it deemed service. For the simplicity sake government has given abatement of 3/4th of cost of unit as land and goods for construction and only 1/4th of the cost of unit is treated as service. Hence presently most homebuyers are paying 3.75% of cost of unit as service tax (1/4th of 15%). Recently service tax on under construction property has again been put under question as Delhi High Court ruled against this and matter is sub-judice at Supreme Court of India.

**2. VAT (Value Added Tax)** – If you are purchasing an underconstruction property, you will have to pay additional VAT in some states such as Karnataka, Haryana and Maharashtra. Developers charge this value added tax and deposit it with state government. VAT has also been under dispute for long time and still there are many states such as UP who do not charge VAT. Also unlike service tax there is no uniform way of computing VAT across states. E.g. in Maharashtra under composition scheme VAT is charged as 1% of agreement value whereas in Haryana the same proposal was passed but not yet agreed by developers. In Karnataka VAT is charged at 5% of agreement value of unit. To calculate accurate value of VAT and not use composition scheme, developers will have to maintain proper accounts of goods purchased for construction and VAT paid by them for the same to get input credits which is cumbersome and makes it tough for buyers to understand.



## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

**3. Stamp Duty** – Stamp duty is charged by state government, again at varying rates, for registration of sale agreement for real estate transactions

Incidentally if you are buying a ready to move-in property directly from developer after he has obtained completion certificate from authority, you don't need to pay service tax and VAT hence saving 3.75% to 9% of property cost depending on state where you are buying property.

Now lets understand how GST will impact these three taxes.

Service Tax and VAT will be replaced by Central GST and State GST whereas stamp duty stay unchanged as it is out of purview of GST.

### 1.1 BACKGROUND

The Roles of Construction Actors in Construction cost there are  $\square$  diverse interests in the construction industry. The principal interest or actors in the construction industry are:

- The Client
- The Consultant
- The Contractor

The Client is, by far, the single most important member of the construction team. He is the initiator and financier of all the projects. Noted that the major contribution the client can make to the successful operations of the construction industry lies in his skill in specifying his needs prior to the preparation of the design. It is also important for the client to set cost limits of the project at the briefing. He should also ensure that adequate development. Cascading tax revenues have differential impacts on firms in the economy with relatively high burden on those not getting full offsets. Analysis of the tax levy can be extended to international competitiveness of the adversely affected sectors of production in the economy. Such domestic and international factors lead to inefficient allocation of productive resources in the economy. This results in loss of income and welfare of the affected economy.

- Sales of services to consumers are not appropriately taxed with many types of services escaping the tax net.
- Intermediate purchases of inputs by the business firms do not get full offset and part of non-offset taxes may get added up in prices quoted for exports thus making exporters less competitive in world markets

With the implementation of Goods & Service Tax (GST), it seems beastly important for civil Engineers, Architects, Chartered Accountants, Builders & other allied agencies relating to manufacture activities to study, understand & correspondingly implement these new forms in their actual & impending projects.

Working, testing & research referring to this topic have been done under the realm Project/Construction Management. With the implementation of one nation One Tax there has been a forceful change in the working situation of the construction industry which has led to changing costing of labourers, construction materials, and equipment referring to construction, automation used in construction, which has ultimately affected the cost of construction as well as the cost of obtaining & advertise of properties.

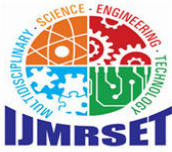
Detailed analysis of both the act gave a positive conclusion as ultimately both these reforms are regularizing the so called financial provisions are made prior to the commencement of any project. Basic assumption in cost analysis is that the time frame of

Even though the country has moved on the path of tax reforms since yet there are various issues which need to be restructured so as to boost productivity and international competitiveness of the Indian exporters.

“Disorganized Industry”.

Basic approach to understand the actual impact of GST on building construction is to compute the cost of construction of a structure before & after implementation of GST.

Goods and Services Tax (GST) in India is proposed to be the maiden reform (and not an amendment) in the existing indirect taxation structure. The proposed GST is a long pending and much awaited tax reform in India which is hoped to iron out the wrinkles in the existing indirect taxation system. This comprehensive tax policy is expected to be one of the most important contributors to the India growth story (An insight of GST in India, Tax Research Department, and the Institute of Cost Accountants of India. Implementation of GST will have a far reaching impact on all the industrial sectors including real estate. The real estate sector is one of the most globally recognized sectors. In India, real estate is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade.



## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

### 1.3 AIMS AND NEED OF GST STUDY

Construction industry comes under the Industry Sector out of the three sectors of Indian Economy. As it is a known fact that India is one of the fastest growing economies, there is lot of infrastructure development going on in the country to constantly grow at this faster rate of growth in the range of 6-7%. In the second quarter of 2017, growth rate of Indian Economy was at 7.2% which surpassed China too.

Contribution of industrial sector to GDP is 29% of the total GDP. In this 29%, construction industry contributes to 11% of the industry sector. This seems to be a big digit when it comes to revenue generation of the nation. Even the latest annual budget has given due importance to the infrastructure development as a country is said to be developed if it has the best infrastructure facilities which invites other sectors, leading to generation of revenue and growth of country. The study has the following objectives:

- To understand the concept of GST
- To understand the current scenario of real estate sector in India.
- To analyze the possible impact of GST on the Construction Industry

Construction industry comes under the Industry Sector out of the three sectors of Indian Economy. As it is a known fact that India is one of the fastest growing economy, there is lot of infrastructure development going on in the country to constantly grow at this faster rate of growth in the range of 6- 7%. In the second quarter of 2017, growth rate of Indian Economy was at 7.2% which surpassed China too.

Contribution of industrial sector to GDP is 29% of the total GDP. In this 29%, construction industry contributes to 11% of the industry sector. This seems to be a big digit when it comes to revenue generation of the nation. Even the latest annual budget has given due importance to the infrastructure development as a country is said to be developed if it has the best infrastructure facilities which invites other sectors, leading to generation of revenue and growth of country.

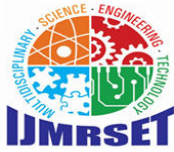
## II. LITERATURE REVIEW

### A Study on Growth of Goods and Services Tax (GST) in India an Golden Opportunity for Growth of Indian Corporate Sectors Author: Bar hate (2018)

**Abstract:** Found that people have no doubt whatsoever regarding the proposed benefits of GST irrespective of their business type, legal status of business for the reason being they feel irritated by the present system which appears to be cumbersome. Most respondents believe that GST will bring monetary gains to their business and do not anticipate any significant boost in tax compliance costs. Interestingly, respondents expect the spending on tax compliance to go down after GST is implemented. The lack of information coupled with the apathy towards reforms may paralyze the speedy implementation of this system especially in small towns where still not a single orientation programs have been planned and executed till date by competent authorities.

### GST in India: A Big Leap in the Indirect Taxation System Author: Dr. R. Vasanthgopal (2011)

**Abstract:** The replacement of the Central excise duty of the government of India by Central Value Added Tax (CENVAT) and sales tax system of the State governments by the VAT marked a major mile stone in the reform process of indirect taxes in India. It addressed the cascading effect under the erstwhile system by giving set-off for tax paid on inputs as well as tax paid on previous purchases and resulted in a major simplification of the rate structure and broadening of the tax base. But both the CENVAT and the State VAT have certain incompleteness. Though a number of initiatives by the various machineries at the Centre, the present taxation regime is marked as cumbersome, complicated and unfriendly. It is in this perspective, the Central government has entrusted chairman of 13th Finance Commission to suggest a rational, scientific and modern but unified system of taxation in tune with developed nations form the base behind the introduction of Goods and Service Tax (GST) in India. Although there are many hurdles to be crossed before the implementation of GST the Central government reiterated its commitment towards the adoption of a 'flawless' GST for the survival of the India's economy in the face of increasing international competition consequent to globalization and liberalization. Despite the various impediments to the proposed transition, until the time GST is implemented, it would be worthwhile to assess its positive impacts on the various development areas viz. agriculture, manufacturing



## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

industry, MSME, housing, poverty reduction, employment, price level, EXIM trade, GDP, government revenue, etc. and this aspect is the subject matter of this paper

### prices Author: April 2019

**Abstract:** With regard to those properties where construction work has already begun, Jaitley said a committee of officers will draft the transition rules and frame guidelines. “The fitment committee and law committee, by March 10, 2019 will draft those guidelines and immediately place before the GST Council, which will meet via video conference so that ministers do not have to travel to Delhi in election period,” he said. To ensure that the real estate sector does not go back to a cash economy and to fix the accountability of back supply chain, a very high percentage of goods will have to be procured from GST-registered dealers,

Jaitley added. “For that back chain, a condition will be put that a very high percentage of purchases to avail of this, will have to be from registered dealers. The GoM has proposed 80 per cent. Whether it is 80 per cent or more, the group will reconsider it and present before the Council,” he said, adding this will ensure that the back chain does not go to a cash-based system.

### An Overview on Impact of GST on Construction Industry Author: Deshmukh Pranita, A. N. Bhirud,

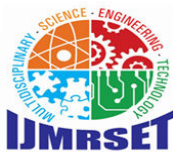
**Abstract:** This paper is an analysis of what the impact of GST (Goods and Services Tax) is on Indian Tax Scenario. Here stated with a brief description of the historical scenario of Indian taxation and its tax structure. Then the need arose for the change in tax structure from traditional to GST model. GST has be detailed discuss in this paper as the background, silent features and the impact of GST in the present tax scenario in India. The Goods and Services Tax (GST) is a value added tax to be implemented in India. GST is the only indirect tax that directly affects all sectors and sections of our economy. Ignorance of law is no excuse but is liable to panel provisions, hence why not start learning GST and avoid the cost of ignorance. Therefore, we all need to learn it whether willingly or as compulsion. The goods and services tax (GST) is aimed at creating a single, unified market that will benefit both corporate and the economy. The changed indirect tax system GST-Goods and service tax is planned to execute in India. Several countries implemented this tax system followed by France, the first country introduced GST. Goods and service tax is a new story of VAT which gives a widespread setoff for input tax credit and subsuming many indirect taxes from state and national level. The GST is declared by government on 01 April 2017. India is a centralized democratic and therefore the GST is implemented parallel by the central and state governments as CGST and SGST respectively. The objective will be to maintain a commonality between the basic structure and design of the CGST, SGST and SGST between states .In this article, I have started with the introduction, in general of GST and have tried to highlight the objectives the proposed GST is trying to achieve. Thereafter, I have discussed the possible challenges and threats; and then, opportunities that GST brings before us to strengthen our free market economy.

### GSTin the construction industry Author:P.Ingram

**Abstract:** As part of fundamental tax reform in Australia, a Goods and Services Tax ('GST') was passed into law in July 1999, to take effect from 1 July 2000. The changes introduced as part of these reforms will impact significantly on Australia's building and construction industry, not just in the day-to-day affairs of running a real estate business but on the building industry and economy as a whole. The first part of this article will examine the background to the introduction of the GST, including an explanation of how the GST system works. It will then discuss the economic impact of a GST on the real estate industry. Finally, the article will highlight and explain the main provisions of the GST rules as they apply to various real estate transactions. The transitional rules relating to the GST as it applies to the real estate industry are not discussed in detail in this article.

### III.OBJECTIVES

- To understand the concept of GST
- To understand the current scenario of real estate sector in India.
- To analyze the possible impact of GST on the Construction Industry
- To provide a conceptual framework of GST and its salient features.
- To highlight the benefits associated with the implementation of GST
- To analyze the effects of GST on different sectors in India.



## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

### IV. METHODOLOGY

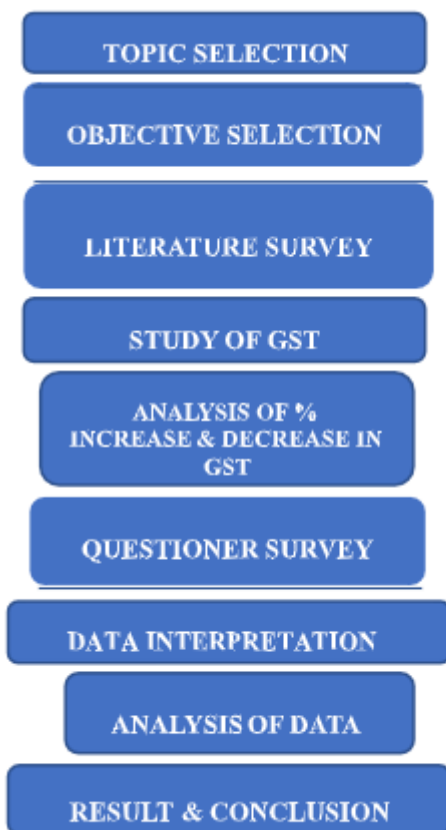


Figure 4.1: Proposed System Methodology Flow

#### Methodology Adopted on Site

Documentation of the Quantities.

- Project Planning & Scheduling.
- Daily Project Report Analysis.
- Rate Analysis of all items of Project.

Finding Tax Rates & Their Breakup.

- Working Out for Area Statement.
- Documentation of Quantities in BOQ.
- Working out cost of all items.
- Arriving with comparative results.

### V. RESEARCH METHODOLOGY

#### ssssa collection

The data are collected from many sources like government reports, newspapers, magazines and websites. The data are secondary and collected on the basis of convenient types of research. The data collected and shorted started from the year 2000 to the year 2015.





## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

### Research design

There is a lot of variability found in-between the data collected from the year 2000 to 2015. There are direct variables and indirect variables that immediately affect the result of the study.

### Direct variable

The direct variables are basically the indirect taxes like sales tax, service tax, VAT tax, and excise duty which are going to directly get affected by the GST.

### Indirect Variable

In this study, the constitution of India, GDP of India and planning commission are term as indirect variables. The constitutional amendment is required for the government to pass the GST bill in India. For the constitutional amendment it is necessary for the government to at least get the two thirist support from both of the houses.

### Goods and Service Tax (GST)

Goods and Services Tax is a broad based and a single comprehensive tax levied on goods and services consumed in an economy. GST is levied at every stage of the productiondistribution chain with applicable set offs in respect of the tax remitted at previous stages. It is basically a tax on final consumption. In simple terms, GST may be defined as a tax on goods and services, which is t o b e l e v i e d at each point of sale or provision of service, in which at the time of sale of goods or providing the services, the seller or service provider may claim the input credit of tax which he has paid while purchasing the goods or procuring the service. Goods and Services Tax also known as the Value Added Tax or Harmonized Sales Tax (HST) was first devised by a German economist during the 18th century. He envisioned a sales tax on goods that did not affect the cost of manufacture or distribution but was collected on the final price charged to the consumer. Thus it did not matter how many transactions the goods went through, the tax was always a fixed percentage of the final price.

## VI. PROBLEM DEFINATION

The present study is done on effects of GST on specific sectors of Indian economy like FMCG, agriculture, Transportation, financial services, pharmaceuticals and textiles etc. The time period for the study is from July 2017 to September 2017.

## VII. IMPORTANT CONCEPTS

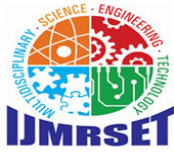
### Impacts of GST on Construction Capital Costs

Building material costs are the major components in construction development costs while GST implementation has been identified to have inflated the construction material prices within a year of implementation. Findings as shown in Table 1 indicate that all building materials set the highest cost increase after GST implementation is not surprising as prior to

GST implementation only second schedule materials were being charged of sales and service tax (SST). On the other hand, GST had also led to an increment to the land acquisition cost although supply of land for housing properties is exempted from GST. Hence, the argument of Dato' Subromaniam Holsay saying that the "biggest cost components" which is land being exempted from GST would lead to cost saving for housing developers is imprecise. Besides, marketing costs has also been raised after GST implementation which may be a result of developers outsourcing marketing agents to help them boost the sales of Moreover, labour cost as indicated at Table 1 does not get a significant GST impact as neither increase nor decrease.

### Conceptual framework of GST and its salient features

Goods and service tax is the tax levied by the government with an idea to replace all the indirect taxes and improve the economy of the nation. One of the biggest taxation reform in India. It is one of the simplest, transparent and efficient systems of doing business. Before GST companies and business organizations used to pay number of indirect taxes levied by both central and state government. GST is going to consolidate these multiple taxes into one as One Nation One Tax. As it is going to reduce layers to taxes definitely leads to boosting tax collection. This can also see movement



## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

of unorganized sectors to organized sector which will change the business dynamics of industries. Some products like hair oil, soaps and toothpaste, two wheelers are expected to benefit on the grounds of lower tax incidence leading to growth in demand and boosting the margins for the sectors. Infrastructure and real estate, financial services, insurance, telecommunication, paints are going to get affected because of increase in its duty. Increase in duty may leads to increase in cost to absorb the higher tax incidence leading to temporary slowdown in demand.

### Salient features of GST

- GST is applicable to whole country including Jammu and Kashmir.
- GST is applicable on “SUPPLY” of goods or services as against the present concept of tax on the manufacture of goods or on sale of goods or on provision of services. □ Based on the principle of destination based consumption taxation as against present principle of origin based taxation

Centre and state simultaneously are levying the tax on a common base hence it is a Dual GST. GST levied by centre is central GST and that levied by states is state GST. An integrated GST is levied on interstate supply of goods or services by Centre.

- Import of goods or services is treated as interstate supply and subject to IGST.

### VIII. DATA COLLECTION & DATA ANALYSIS

1.1 The Ministry of External Affairs envisages constructing residential apartments for their officials in place of the existing residential building in Pune. The construction of building is started in 2016-17. The site is for the construction of the Residential Apartments.

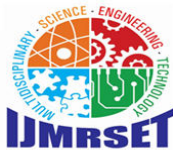
1.2 The Project area will include 3 categories The Project area will include 3 categories of residences, a community recreation centre and parking facilities. In addition, provisions for services and security would need to be included in the overall plan.

1.3 The campus is expected to function efficiently with smooth circulation, integration of open and built-up spaces and functional segregation of spaces.

1.4 **Climatic Conditions** – The climate of Pune is monsoon influenced subtropical bordering semi-arid with high variation between summer and winter temperatures. Pune experiences dust storms, has relatively dry winters and has a prolonged spell of very hot weather, thus causing it to be classified as semi-arid region. 1.5 summer start in early April, peak in May with average temperatures of 32 degree C and occasional heat waves with close to 45 degrees C. The monsoon starts in late June and lasts until mid-September, the monsoons recede in late September, and the post-monsoon season continues till late October.

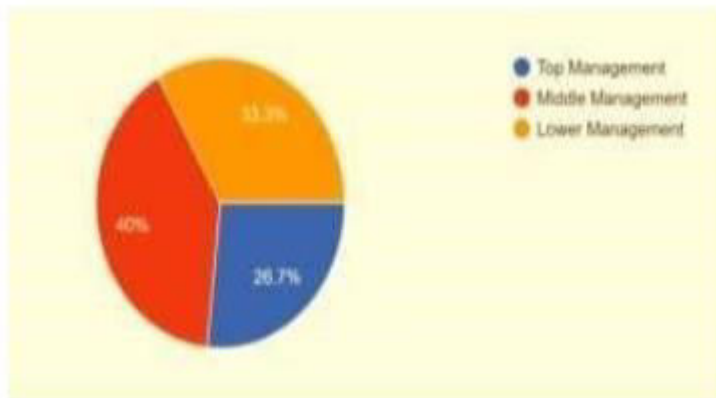
Among the many available methods in collecting data two methods were adopted; these are literature review and questionnaires. The first step involves general information collection, including both first-hand and second-hand data, in order to identify major themes from the literature. In the second step, with the literature review and unstructured interviews, important factors of safety were identified. With these factors, a questionnaire was formed and Survey was conducted. The questionnaires were distributed through various electronic media platform to a variety of respondent working around the construction projects. About 100 people have responded to the questionnaire survey.

The respondents were asked to indicate the positions they held in the respective companies and the duration for which the company is in operation. They were provided with options to choose from. About 26.7% of the respondents who participated in the study are from Top management background, 40% were from middle management, while 33.3% were serving as a lower management as shown in the Fig \*\*. These respondents are well conversant with effect of GST in construction engineering



## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

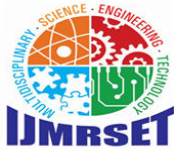


Particulars	Service Tax	VA T	Total	GST
Sale of Flats and Units- Under Construction	4.50%	1%	5.50%	18% (1/3 Reduction of Land)
Joints Development- Owner Area	4.50% to 6%	NIL	4.50% to 6%	18% (1/3 Reduction of Land)
Rehabilitation of Flats	6%	NIL	6%	18%

Procurement	Pre-GST position	Post-GST position
Materials	<ul style="list-style-type: none"> <li>No Cenvat of excise duty, CVD, etc paid on materials</li> <li>No VAT credit on materials</li> </ul>	Full ITC available
Input Services	Cenvat credit of service tax was available	Full ITC available
Capital Goods	Cenvat credit of excise was available in two trenches	Full ITC available in the year of receipt

### IX. CONCLUSION

It can be easily observed from the above calculations that even though ITC is not taken in consideration, there has been a considerable reduction of up to 1.2% of the Project Cost by application of GST. Experts say that GST is likely to improve tax collections and Boost India’s economic development by breaking tax barriers between States and integrating India through a uniform tax rate. Under GST, the taxation burden is divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions. All sections of economy viz., big, medium, small scale units, intermediaries, importers, exporters, traders, professionals



## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

and consumers shall be directly affected by GST. If the ITC studies are taken in consideration, then this cost will reduce even more & hence, it can be said that it is a good effect of GST on construction industry. It is also seen that only the Labor Contracts are at total loss which is to be paid attention by the contractors bidding for labor contract. Therefore at present, it can be concluded that cost of under construction residential unit will increase post GST implementation.

### REFERENCES

1. Akshara Mahesh "Impact of GST on Automobile Industry in India" IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, pISSN: 2319-7668 International Education and Research Journal, EISSN No: 2454- 9916, Volume: 3, Issue: 5, May 2017.  
PP 01-03www.iostjournals.org
2. Bikram Pegu "The Proposed GST (Goods and Services Tax) and Indian Economy" International Journal of Interdisciplinary Research in Science Society and Culture (IJRSSC)Vol: 3, Issue: 1, (June Issue), 2017ISSN: (P) 2395-4345, (O) 2455-2909  
Impact Factor: 1.585
3. Niraj Dhar Dubey "An Enquiry into the Effect of GST on Real Estate Sector of India" International Journal of Trend in Scientific Research and Development (IJTSRD) ISSN: 2456-6470
4. Dr. RozlinBintiZainal "Effect of Goods and Services Tax (GST) On Construction Capital Cost and Housing Property Price"
5. RozlinZainal "The Effects of GST (Goods and Services Tax) on Construction Capital Costs and Housing Property Prices" ISSN: 2357-1330 Selection and peer-review under responsibility of the Organizing Committee of the conference
6. Kapila Pallavi, GST: Impact on Indian Economy, Int. Journal of Engineering Research and Application, 8(1), 1-3 (2018)
7. Kumar K.A., A Journey of Goods and services tax (GST) and Structural Impact of GST on the Growth of GDP in India, Advances in Sciencesand Humanities, 3(5), 50-53 (2017)
8. Shah I. and Tariq A., Impact of GST on Jammu and kashmir Economy, Journal of advanced Management Research, 5(5), 418- 426 (2017).
9. Ramya N. and Sivasakthi D., GST and its impact on various sectors, Journal of Management and Science, 1, 65-69 (2017)
10. Sachin Abda (2017), "Research paper on effects of Goods and Services Tax on Indian Economy",  
Jaspreet Kaur (2016), "Goods and service tax and its Impact", International Journal of applied Research,
11. Girish Garag (2014), "Basic concepts and features of Goods and Services Tax in India", International Journal of Scientific Research and Management, Vol. 2, Issue 2, 2014.
12. An insight of GST in India, Tax Research Department, The Institute of Cost Accountants of India, Oct 2015.
13. Dr. RozlinBintiZainal "Effect of Goods and Services Tax (GST) On Construction Capital Cost and Housing Property Price"



INTERNATIONAL  
STANDARD  
SERIAL  
NUMBER  
INDIA



# INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH IN SCIENCE, ENGINEERING AND TECHNOLOGY

| Mobile No: +91-6381907438 | Whatsapp: +91-6381907438 | [ijmrset@gmail.com](mailto:ijmrset@gmail.com) |

[www.ijmrset.com](http://www.ijmrset.com)