**THE IMPACT OF INDIRECT TAXES ON ECONOMIC GROWTH AND**

**SOCIAL WELFARE**

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**Abstract:**

*This study analyzes the impact of tax policies and their influence on economic growth and development. The primary focus is to explore how well-designed tax policies can stimulate economic growth and contribute to long term development. In this study the primary focus is on Indirect taxes. Indirect Taxes are a significant source of revenue for governments worldwide. Indirect taxes play a crucial role in revenue stability, economic efficiency, incentives for savings and investment and consumer spending and overall economic stability and flexibility. Unlike direct taxes, which are levied on income or wealth, indirect taxes are applied to goods and services. Common forms of indirect taxes include the Value-Added Tax (VAT), Goods and Services Tax (GST), excise duties, and customs duties. These taxes are typically passed on to consumers in the form of higher prices.*

*The study aims to provide a comprehensive understanding of how indirect taxation influences economic variables like inflation, consumer spending, investment, and GDP growth. This research aims to examine the impact of indirect taxes on economic growth and social welfare, considering both theoretical perspectives and empirical perspectives. The findings underscore the importance of designing indirect tax policies that balance revenue generation with economic growth objectives and social welfare considerations.*

**Keywords:** Tax, GST, GDP, Impact, Growth, economy, consumer