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A PERCEPTION STUDY ON GST AND IT'S IMPACT ON PRE AND POST COVID-19 PANDEMIC IN INDIAN ECONOMY

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Abstract

The pandemic COVID-19 in India was first reported on January30, 2020 by the Ministry of Health and Family Welfare. The pandemic is originating from Wuhan of China. One of the most widely debated issues in Indian Public Finances in current times is undoubtedly the newly introduced Goods and Services Tax (GST). GST is intended to include all these taxes into one tax with seamless ITC and charged on both goods and services. This research paper presents an overview of GST concept, explains its features, scope, objective of implementation, how GST will administer in India, how imports will be taxed under this etc. along with the registration procedures, returns filing procedures and payment procedures under GST etc. This study also intends to focus on the perception study by the consumers to understand the overall impact of GST on the consumers. The study is purely empirical in nature, based on Primary Data, collected through Structured Questionnaire. The study area is confined to Kolkata. Usual statistical tools like Descriptive Statistics and Exploratory Factor Analysis (EFA) has been used for the study..

Keywords: goods and services tax, GST, Indirect Tax, economic development, Indian economy, VAT, Goods and Services Tax, GST, Indirect Tax, Indian economy, VAT, CGST, SGST, IGST, UGST, pandemic, covid-19

1.0 Backdrop

The introduction of Goods and Services Tax on the 1st of July 2017 was a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, the aim was to mitigate cascading or double taxation in a major way and pave the way for a common national market. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which was estimated to be around 25%-30%. Introduction of GST would also make Indian products competitive in the domestic and international markets. Studies show that this would have a boosting impact on economic growth. Last but not the least, this tax, because of its transparent and self-policing character, would be easier to administer.

The Goods and Services Tax (GST) is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of a country. GST is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at a national level. The Goods and Services Tax Bill or GST Bill, also referred to as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, initiates a Value added Tax to be implemented on a national level in India. GST will be an indirect tax at all the stages of production to bring about uniformity in the system. On bringing GST into practice, there would be amalgamation of Central and State taxes into a single tax payment. It would also enhance the position of India in both, domestic as well as international market. At the consumer level, GST would reduce the overall tax burden, which is currently estimated at 25-30%. Under this system, the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading of taxes- tax on tax paid on inputs that go into manufacture of goods [2]. In order to avoid the payment of multiple taxes such as excise duty and service tax at Central level and VAT at the State level, GST would unify these taxes and create a uniform market throughout the country. Integration of various taxes into a GST system will bring about an effective cross-utilization of credits.

The current system taxes production, whereas the GST will aim to tax consumption. Experts have enlisted the benefits of GST as under:

1. It would introduce two-tiered One-Country-One-Tax regime.
2. It would subsume all indirect taxes at the center and the state level.
3. It would not only widen the tax regime by covering goods and services but also make it transparent.
4. It would free the manufacturing sector from cascading effect of taxes, thus by improve the cost-competitiveness of goods and services.
5. It would bring down the prices of goods and services and thus by, increase consumption.
6. It would create business-friendly environment, thus by increase tax-GDP ratio.

2.0 Introduction of GST in India

In 2000, an empowered committee was set up by NDA government under the chairmanship of Asim Das Gupta to design GST model. The reference of GST was first made in the Indian Budget in 2006-07 by the then Finance Minister Mr. P. Chidambaram as a single centralized Indirect tax. With UPA in power union finance minister, Mr. P.Chidambaram, proclaimed the implementation of GST from April 2010 in budget of 2007 and set up an empowered committee of state Finance ministers to work with center. Therefore, on 10 May 2007 Joint Working Group was set up by empowered committee of state finance ministers which submitted the report in Nov 2007. First detailed discussion paper on structure of GST was introduced by empowered committee in Nov 2009 with the objective of generating a debate and getting the inputs from all stakeholders. It suggested a dual GST Module along with a GST council and finally in March 2011, constitution 115th amendment bill was introduced to draw up laws for implementing GST. It includes the followings:

- Setting up of GST COUNCIL by the president within 60 days of passage of bill. The council will chaired by union finance minister and its members includes MoS for revenue and finance ministers of states. It will work on GST rates, exemption limits etc.
- Setting up of a GST Dispute Settlement Authority having three members to resolve dispute arising among states and take action against states.
- GST Amendment Bill was referred to parliamentary committee on finance for evaluation.

In Aug 2013 the standing committee submitted the report and recommended that proposed Dispute Settlement Authority should be removed and its mechanism should be given to GST Council itself. It also recommended that GST Council should take decision by voting rather than consensus. The representation in the GST Council should be 1/3 from central and rest 2/3 from states. The decision in the council should be passed with more than ¾ vote representatives present. The quorum of council is raised from proposed 1/3 to half by standing committee. But the proposed 115 amendment bill was lapsed with dissolution of 15th Lok Sabha. The GST Constitution (122nd Amendment) Bill, 2014 was introduced on December 19, 2014 and passed on May 6, 2015 in the Lok Sabha and yet to be passed in the Rajya Sabha. The Bill seeks to amend the Constitution to introduce Goods and Services tax vide proposed new article 246A. This article gives power to legislature of every state and Parliament to make laws with respect to goods and services tax where the supplies of goods or of services take place. Recently, Union Minister Mr. Arun Jaitley said that GST could be implemented as early as January 1, 2016.

The Constitution Amendment Bill for Goods and Services Tax (GST) has been approved by The President of India post its passage in the Parliament (Rajya Sabha on 3 August 2016 and Lok Sabha on 8 August 2016) and ratification by more than 50 percent of state legislatures.

3.0 Existing Tax Structure in India

In India taxes are levied by both the Central Government and State Government. Some minor taxes are also levied by the local authorities such as Municipality. In this three-tier system of taxation Central Government levies taxes on income tax, custom duties, central excise and service tax. State Government can levy taxes on Value Added Tax (VAT), stamp duties & revenues and state excise. Apart from those the local bodies can levy taxes on water, property, shop and establishment charges, etc. Tax should be charged according to the law passed by the legislature or the parliament. Article 246 (Schedule VII) of the Indian Constitution, distributes the legislative powers including taxation between the Parliament and the State Legislature.

Based on the burden of pay taxes all types of taxes can be categorized under two broad heads -

a) Direct Taxes: These are the taxes that are directly paid to the Government by the taxpayer. It is applied on individuals and organizations directly by the Government. It cannot be shifted by the taxpayer to someone else. Income tax, corporation tax, property tax, inheritance (estate tax), gift tax, wealth tax, etc. are examples of direct taxes.

b) Indirect taxes: These taxes are applied on the manufacturer or sale of goods and services. These are initially paid to the government by an intermediary, who then adds the amount of tax paid to the value of the goods/services and passes on the total amount to the end user. Sales tax, value added tax (VAT), customs duty, central excise duty, service tax, excise duty, securities transaction tax (STT), entertainment tax, etc. are examples of indirect taxes.

4.0 Goods and Services Tax (GST) – Definition and Concept

"GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set of benefits from the producer's / service provider's point up to the retailer's level where only the final consumer should bear the tax."

GST is an indirect tax which will subsume almost all the indirect taxes of central government and states governments into a unified tax. Clause 366(12A) of the Constitution Bill defines GST as "goods and services tax" means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption. Further the clause 366(26A) of the Bill defines "Services" means anything other than Goods. Thus it can be said that GST is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. The proposed tax will be levied on all transactions involving supply of goods and services, except those which are kept out of its purview.

5.0 Countries where GST already issued and levied

Currently, there are 160 countries in the world that have implement VAT/GST and out of 160 countries, eight countries are not United Nation (UN) Member States i.e. Azores, Taiwan, Faroe Islands, Isle of Man, Jersey, Kosovo, Madeira and Niue. Number of country based on region are as follows:

No.	Region	Countries in the region	No. of country
1	ASEAN	Indonesia, Thailand, Singapore, Philippines, Cambodia, Vietnam, Laos,	7
2	Asia	Bangladesh, China, India, Iran, Japan, Jordan, Kazakhstan, Kyrgyzstan, Lebanon, Mongolia, Nepal, Pakistan, Papua New Guinea, South Korea, Sri Lanka, Taiwan, Tajikistan, Turkmenistan, Uzbekistan,	19
3	Europe	Albania, Austria, Armenia, Azerbaijan, Azores, Belarus, Belgium, Bosnia Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Jersey, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Madeira, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russia, Turkey, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom,	53
4	Oceania	Australia, Fiji, New Zealand, Niue, Samoa, Tonga, Vanuatu,	7
5	Africa	Algeria, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Democratic Republic of the Congo, Egypt, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Republic of Congo, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe,	44
6	South	Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador,	11

	America	Guyana, Paraguay, Peru, Uruguay, Venezuela,	
7	Caribbea, Central & North America	Antigua and Barbuda, Barbados, Belize, Canada, Commonwealth of Dominica, Costa Rica, Dominican Republic, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago,	19

6.0 Number of UN Member States are 193 and out of the 193, only 41 Member States do not implement VAT/GST, as follows:

No	Region	**Country**	**No of country**
1	ASEAN	Malaysia, Brunei, Myanmar	**3**
2	Asia	Afghanistan, Bahrain, Bhutan, Iraq, Kuwait, Maldives, North Korea, Oman, Qatar, Saudi Arabia, Syria, Timor Leste, United Arab Emirates, Yemen etc.	**14**
3	Europe	Andorra, San Marino.	**2**
4	Oceania	Kiribati, Marshall Islands, Micronesia, Nauru, Palau, Solomon Islands, Tuvalu,	**7**
5	Africa	Angola, Comoros, Djibouti, Eritrea, Liberia, Libya, Sao Tome and Principe, Somalia, South,	**10**
6	Caribbean, South, Central & North America	Bahamas, Cuba, Saint Lucia, Suriname, United States of America,	**5**

List of countries to implement VAT/GST (for the last few years) are:

Gambia - 2013	**Saint Kitts and Nevis - 2010**
Congo - 2012	Laos - 2009
Seychelles - 2012	Niue - 2009
Grenada - 2010	Sierra Leone - 2009

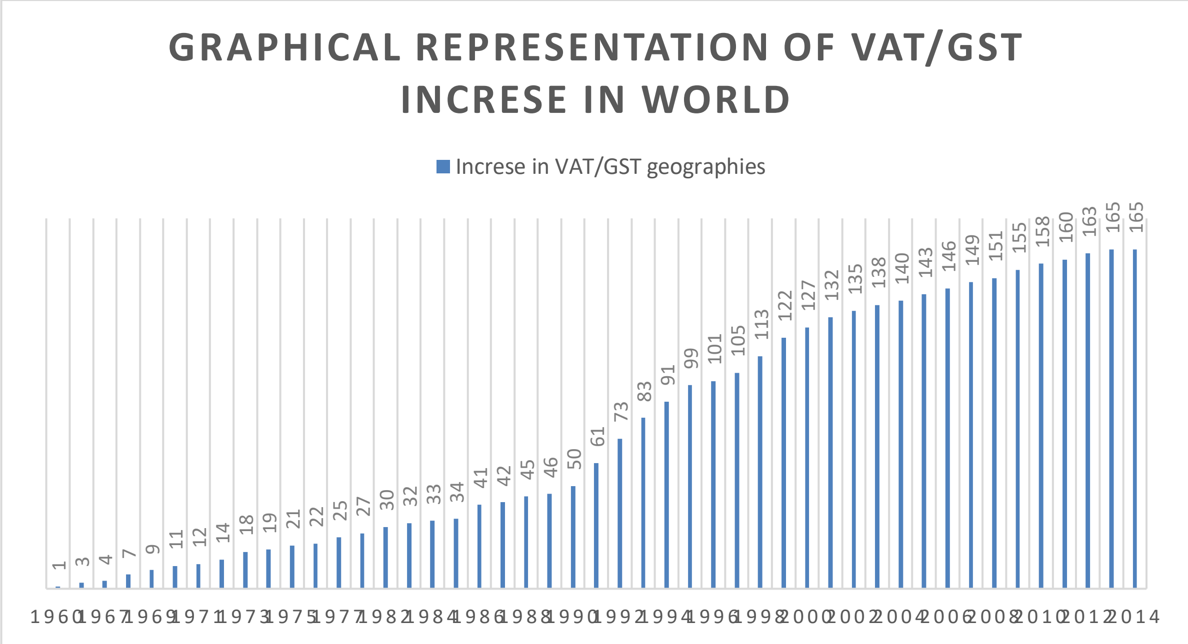
7.0 Global Trend of Value Added Tax (VAT)/ Goods and Service Tax (GST)

The spread of Value Added Tax (VAT) or Goods and Services Tax (GST) system of Indirect taxes across the globe is showing an increasing trend with more than 160 countries, including 33 of the 34 member countries of Organization for Economic Co-operation and Development (OECD), employing VAT as the preferred form of consumption tax1 (refer Graph below).

Further, the following countries are **working towards a VAT/GST system:**

1. Afghanistan, Bahamas, Bhutan, Kiribati, Marshall Islands, Micronesia, Palau, Sao Tome and Principe, Syria
2. Gulf Cooperation Council (Bahrain, Kuwait, Qatar, Saudi Arabia, Oman and the United Arab Emirates)

China & India – to have a uniformed GST system.



Source: OECD report on Countries with VAT 1960-2014

8.0 Brief Review of the Available Literature

In India goods and service tax has pre-born stage, we know as well about the VAT system and existed number of information and literature and experimental paper. But in case of GST had not that's kind of material so, we collect some paper which written fully based on excepted concept about GST in below:

Dr. Pradeep Chaurasia, Shweta Singhand Prakash Kumar Sen(2016), studied on the role of goods and service tax in the growth of Indian economy. They are concluded that overall GST is helpful for the development of Indian economy as well it will be very much helpful in improving the gross domestic product of the country more than two percent. Now the government of India should take final step to pass the GST bill in parliament with removing all hurdles.

Dr. Shakir Shaik, Dr. S.A.Sameera and Mr. Sk.C. Firoz(2015), studied on "Does Goods and Services Tax (GST) Leads to Indian Economic Development?." They are said that GST is expected to create a business friendly environment, as price levels and hence inflation rates would come down overtime as a uniform tax rate is applied. It will also improve government's fiscal health as the tax collection system would become more transparent, making tax evasion difficult. Expected that implementation of GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development. Hence GST may usher in the possibility of a collective gain for industry, trade, agriculture and common consumers as well as for the Central Government and the State Government.

Nishitha Guptha (2014) in her study stated that implementation of GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development. Hence GST may usher in the possibility of a collective gain for industry, trade, agriculture and common consumers as well as for the Central Government and the State Government.

Jaiprakash (2014) in his research study mentioned that the GST at the Central and the State level are expected to give morerelief to industry, trade, agriculture and consumers through a more comprehensive and wider coverage of input tax set-off and service tax setoff, subsuming of several taxes in the GST and phasing out of CST. Responses of industry and also of trade have been indeed encouraging. Thus GST offers us the best option to broaden our tax base and we should not miss this opportunities to introduce it when the circumstances are quite favorable and economy is enjoying steady growth with only mild inflation.

Saravanan Venkadasalam (2014) has analysed the post effect of the goods and service tax (GST) on the national growth on ASEAN States using Least Squares Dummy Variable Model (LSDVM) in his research paper. He stated that seven of the ten ASEAN nations are already implementing the GST. He also suggested that the household final consumption expenditure and general government consumption expenditure are positively significantly related to the gross domestic product as required and support the economic theories. But the effect of the post GST differs in countries. Philippines and Thailand show significant negative relationship with their nation's development. Meanwhile, Singapore shows a significant positive relationship.

9.0 Research Gap

Based on the above literature review, it is found that there is dearth of empirical studies on the end-consumers' perception on the GST Laws and its impact in Indian economy.

10.0 Objectives of the present study

Based on the above literature review and research gap, the following objectives were found pertinent :

1. To study the goals and objective of GST, features of GST and utilization of ITC (Input Tax Credit).
2. To understand how GST will work in India and GST mechanism.
3. How will IT be used for the implementation of GST?
4. How will imports be taxed under GST?
5. What are the major features of the proposed major features of the registration procedures, returns filing procedures and payment procedures under GST?
6. To know the benefits and challenges of GST on Indian economy in GDP, employability, savings, investments etc.
7. To study the impact GST influence our economy.
8. To compare existing tax structure and GST structure and how it effect various stakeholders.

11.0 Research Methodology

Being an explanatory research it is based on both primary and secondary data. Primary data were collected through structured questionnaires from the residents of Kolkata, based on Convenience Sampling. Secondary data were collected from various books, national and international Journals, government reports, articles, newspapers and magazines, publications from various websites which focused on various aspects of Goods and Service tax. Considering the objectives of study exploratory type research design is adopted to have more accuracy and rigorous analysis of research study. Among the popular research tools, Descriptive Statistics and Exploratory Factor Analysis (EFA) technique was adopted for the Study.

12.0. Analysis of Reliability & Validity and Factor Analysis

12.1. Reliability Test

Any study, depending on primary data, must be backed up by a proper test of reliability and validity. The evaluation of questionnaire reliability and internal consistency is possible by Cronbach's` α **(Cronbach, 1984)**, which is considered to be the most important reliability index and is based on the number of the variables/items of the questionnaire, as well as on the correlations between the variables **(Nunnally, 1978)**. The reliability of the instrument means that its results are characterized by receptiveness' **(Psarou and Zafiropoulos, 2004)** and these results are not connected with measurement errors

(Zafiropoulos, 2005), was evaluated by Cronbach alpha coefficient. The index alpha (a) is the most important index of internal consistency and is attributed as the mean of correlations of all the variables, and it does not depend on their arrangement **(Anastasiadou, 2006)**. So, I have conducted the reliability test on standardized items and the **Cronbach's alpha based on standardized item found at .912 (shown in Table-1) which proved the reliability of the questionnaire.**

Table-1 : Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.909	.912	26

Source: calculated through SPSS 24

12.2. Validity Test

Further, for testing the validity, I have conducted the Friedman test and the Tukey test. In statistics, **Tukey's test of additivity**, named after John Tukey, is an approach used in two-way ANOVA (regression analysis involving two qualitative factors) to assess whether the factor variables are additively related to the expected value of the response variable. It can be applied when there are no replicated values in the data set, a situation in which it is impossible to directly estimate a fully general non-additive regression structure and still have information left to estimate the error variance. The test statistic proposed by Tukey has one degree of freedom under the null hypothesis, hence this is often called "Tukey's one-degree-of-freedom test." **Tukey's test** for nonadditivity was also found to be significant (shown in Table 5.26), **signifying that there are no replicated values in the data set.**

Table – 2 : ANOVA with Tukey's Test for Nonadditivity

			Sum of Squares	**df**	**Mean Square**	**F**	**Sig**
Between People			1505.868	99	15.211		
Within People	Between Items		200.925	25	8.037	5.835	.000
	Residual	Nonadditivity	34.062[a]	1	34.062	24.968	.000
		Balance	3375.090	2474	1.364		
		Total	3409.152	2475	1.377		
	Total		3610.077	2500	1.444		
Total			**5115.945**	**2599**	**1.968**		

Grand Mean = 3.26

a. Tukey's estimate of power to which observations must be raised to achieve additivity = -.766.

12.3. Test for Normality: One-Sample Kolmogorov-Smirnov Test

The Kolmogorov–Smirnov test can be modified to serve as a goodness of fit test. In the special case of testing for normality of the distribution, samples are standardized and compared with a standard normal distribution. This is equivalent to setting the mean and variance of the reference distribution equal to the sample estimates, and it is known that using these to define the specific reference distribution changes the null distribution of the test statistic, as below. Various studies have found that, even in this corrected form, the test is less powerful for testing normality than the Shapiro–Wilk test or Anderson–Darling test. The result of one-sample K-S Test was found to be *.000, i.e., significant, implying that although convenience* *sampling was adopted as a method of* **sampling, but the dataset followed normal distribution.**

12.4. Exploratory Factor Analysis

Then, the supposition test of sphericity was conducted by the Bartlett test (H_o: All correlation coefficients are not quite far from zero) is rejected on a level of statistical significance p<0.0005 for Approx. Chi-Square=4049.368. (shown in Table-3)

Table – 3 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.800
Bartlett's Test of Sphericity	Approx. Chi-Square	4049.368
	df	300
	Sig.	.000

I have also conducted the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity. To ascertain if the subscales were suitable for factor analysis, two statistical tests were used. The first being the Bartlet Test of Sphericity, in which it is examined if the subscales of the scale are inter-independent, and the latter is the criterion KMO (Kaiser-Meyer Olkin Measure of Sampling Adequacy, KMO) **(Kaiser, 1974)**, which examines sample sufficiency. The KMO measure of sampling adequacy results in .809 i.e. greater than .05 which was supported by the Bartlett's test of sphericity with 5671 degrees of freedom. ***The adequacy indicator of the sample KMO=0.800>0.70 (shown in Table - 3) indicated that the sample data is suitable for the undergoing of factor analysis. The control of sphericity (Bartlett's sign<0.001) proved that the principal component analysis has a sense.*** Through this analysis, data grouping was based on the inter-correlation with the aim of imprinting those factors which describe completely and with clarity the participants' attitudes towards the research subject. Consequently, the coefficients are not all zero, so that the second acceptance of factor analysis is satisfied. As a result, both acceptances for the conduct of factor analysis are satisfied and we can proceed to it.

Then a Principal components analysis with Varimax Rotation produces the dimension of differentiation was used in order to confirm or not the scale constructs validity. The main method of extracting factors is the analysis on main components with right-angled rotation of varimax type (Right-angled Rotation of Maximum Fluctuation), so that the variance between variable loads be maximized, on a specific factor, having as a final result little loads become less and big loads become bigger, and finally, those with in between values are minimized **(Hair et al., 2005)**. The following factors were found from the factor analysis.

12.5. Results of Exploratory Factor Analysis for Optimism (Relating to Q. 31 given in questionnaire as placed in Appendix)

For factor analysis I have used Principal Component Analysis with 4 components consisting of 10 variables and also Varimax Rotation Method and finally they were extracted into 4 factors which explain near about 63.731% of the total variance. (Shown in Tables 4 and 5)

Table – 4 : Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared lings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.711	38.843	38.843	9.711	38.843	38.843	7.593	30.371	30.371
2	6.717	26.866	65.710	6.717	26.866	65.710	5.145	20.581	50.953
3	2.735	10.941	76.650	2.735	10.941	76.650	3.398	13.593	64.546
4	1.281	5.126	81.776	1.281	5.126	81.776	3.330	13.318	77.864
5	1.215	4.860	86.636	1.215	4.860	86.636	2.193	8.772	86.636
6	.826	3.306	89.942						
7	.573	2.291	92.233						
8	.417	1.667	93.900						
9	.322	1.288	95.187						
10	.255	1.022	96.209						
11	.158	.630	96.839						
12	.135	.541	97.380						
13	.118	.472	97.852						
14	.101	.404	98.256						
15	.095	.381	98.637						
16	.078	.312	98.949						
17	.056	.226	99.175						
18	.049	.195	99.370						
19	.041	.165	99.536						
20	.039	.155	99.690						
21	.024	.094	99.784						
22	.017	.067	99.851						
23	.016	.063	99.914						
24	.012	.047	99.961						
25	.010	.039	100.000						

Extraction Method: Principal Component Analysis.

Table – 5 : Rotated Component Matrix[a]

	Component				
	Convenience	Complexity	Ease	Awareness	Cost Reduction
GST has not made the small business trapped into hardship	.972				
There is a need for public debate on GST.	.956				
There should be uniformity in the tax system across the country.	.942				
The time for the implementation of Goods and Services Tax (GST) is suitable	.907				
GST will increase tax compliance.	.837				
GST can be linked to PAN/TAN.	.803				
GST is not confuses the citizens of the country	.744				
Government will provide all services so it become easy for tax payer	.739	.460			

The awareness of GST has increased since it was first announced in 2007-2008.	-.670		.592		
GST is not simple to implement.		.936			
GST is a good method to replace Sales and Services Tax		.880			
Use of Information technology will ensure effective implementation of GST.		.725			
A tax payment in GST is easier compared to other systems.		.677	.612		
Exemptions of certain goods/services will benefit to tax payers.		.673	.491	.423	
GST will be easy to understand	.428	.634		-.414	
The lists of taxable and non-taxable items are well-defined in GST act.			.871		
GST system is a legitimate way for the government to collect revenue to manage an economy			.792		
GST will cause an increase in the cost of living		.605	.654		
There is a need for more awareness programs on GST.				.889	
The awareness of GST among public needs to be improved.				.846	
GST can be integrated with Unique Identification Number (UID).		.530		.693	
GST will provide more support to trade and industry through wider coverage of input tax credit.					.790
GST will not result in the products or services to be more expensive					.755
With the introduction of GST, companies will have to relook at their business processes.	.483				.557
Citizens are ready with the implementation of GST	.532	-.403			.542

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

12.6. Results of Factor Analysis

In the factor analysis only 5 factors were considered important –

1. First factor was termed as "Convenience".
2. Factor 2 can be termed as "Complexity".
3. Factor 3 can be termed as "Ease".
4. Factor 4 can be termed as "Awareness".
5. Fifth factor may be termed as "Cost Reduction".

13.0 Conclusion

The GST at the Central and at the State level when introduced and it is clear from the discussion above that it will thus give more relief to producers and consumers through a more comprehensive and wider coverage of input tax set-off and service tax setoff, subsuming of several taxes in the GST. With the GST being properly formulated, it is expected that there will be revenue / resource gain for both the Centre and the States, primarily through widening of tax base and possibility of a significant improvement in tax-compliance along with that the tax base will be comprehensive, as virtually all goods and services will be taxable, with minimum exemptions. However, proper implementation of GST requires concerted efforts on parts of all stakeholders, namely, Central Government, State Governments and trade and industry. Of course, it is the Central Government which needs to take the initial step. Tax payer education or public awareness campaigns needs to be provisioned. Public workshops, seminars and training on GST also must be conducted in all states. States must also work out their revenue neutral rates, revenue implications as well as compensation packages. These issues must be resolved at the earliest so as to ensure smooth transition from the existing system of VAT to the new GST regime. It will also help in increasing the GDP of the country by 1-1.5%. Such a tax system has already been implemented worldwide around 150 countries (France being First in 1954) and India is catching up with the global trends. Thus going forward on all transactions of both goods and services, only one tax will apply which is GST comprising of CGST and SGST. IGST would be applied instead of SGST for interstate transactions. Input credit of all these taxes will be available against all the respective outputs. For successful implementation of GST, it is necessary that the Government at both center and state levels, agree to merge all their taxes into CGST/SGST. Further, the base for taxation for both has to be the same. The exemptions, abatements etc. under GST need to be common for both center and all states to avoid litigation. Further exemptions/exclusions should be minimum to avoid break of credit chain. The law needs to provide for single point compliances, absence of multistate audits etc. for the assesse. GST is expected to bring down prices and hence the inflation since it will remove the impact of tax on tax and enable seamless credit. It is expected to generate revenue for the country as the tax base will increase as the GST rate will be somewhere around 27% with both goods and services covered. It is also expected to make exports from India competitive and India a preferred destination for foreign investment since GST is a globally accepted tax.

Thus the research paper starts with the existing issues faced by the industry under service tax laws and based on the available information in the public domain. GST will be a game changing reform for the Indian economy by creating a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact the tax structure, tax incidence, tax computation, tax payment, compliance, credit utilization and reporting, leading to a complete overhaul of the current indirect tax system. GST will have a far-reaching impact on almost all the aspects of the business operations in the country. The proposed GST will simplify the tax structure, broaden the tax base, and create a common market across states and federally administered districts. Implementation of Comprehensive GST would be the ultimate finale of the fiscal reform process in India which was embarked upon a decade ago. Once implemented, it will accelerate economic growth and take India to a commanding position in the world economy. GST will have positive impact on all stake holders. It is expected to:

- Increase in GDP growth by 1.4% to 1.6%.
- Increase Tax GDP Ratio up to 2%.
- Reduce overall cost of indigenously manufactured goods by 10% leading to reduction in price of manufactured goods.
- Significantly reduce tax compliance and administration cost due to simple uniform structure.

Provide horizontal equity at national and business entity level.

This will be a win- win situation for all stake holders and for the country as a whole

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