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GOODS AND SERVICE TAX (GST): CHALLENGES AND PROSPECTS

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ABSTRACT

The most revenue generating tax regime in India is the Indirect taxes, which contributes lion share in the revenue of both the central as well as state governments. The Government of India adopts a three-tier federal tax structure for effective levy and collection of taxes since independence. Now India becomes the world's fastest developing economy which need a transformation of existing indirect tax regime for faster phase of development. The Government of India introduced a new indirect tax system, Goods and Service Tax (GST), which submerged various central and state taxes. The GST is an ultimate transformer in the indirect tax regime in India. The core challenge is that people are still in vague about the tax structure of GST and become worst when people ignore and boycott by not paying the tax. In this context the challenges posed on GST in India and how this can be removed is examined the study.

Goods and Service Tax (GST) is an ultimate transformer of the Indian taxation regime with reflect the money and fiscal policies of the country which has positive and negative impact on the Indian economy as whole and every sector as specific. The study focuses on problems and prospects of trading and service sectors. Kerala is a prominent consumer in India, the most flourishing sector of Kerala's economy was trading and service sector. From the analysis of the opinion of the respondents , even though it is few, makes it clear that there exists various challenges according them and equal to more than that there are prospects in future provided the problems are remedied then and there .

KEY WORD: *Goods and Service Tax (GST) , contributes lion , new indirect tax system , Indian economy.*

INTRODUCTION:-

The most revenue generating tax regime in India is the Indirect taxes, which contributes lion share in the revenue of both the central as well as state governments. The Government of India adopts a three-tier federal tax structure for effective levy and collection of taxessince independence. Now India becomes the world's fastest developing economy which need a transformation of existing indirect tax regime for faster phase of development.

The Government of India introduced a new indirect tax system,Goods and Service Tax (GST), which submerged various central and state taxes. The GST is an ultimate transformer in the indirect tax regime in India.

MEANING

Goods and Service Tax is a revolutionary tax reform in the history of India and for its smooth transition the difficulties related to implementation of GST has to be realistically considered. GST is destination based comprehensive tax levied at the point of sale or provision of service. The fragmented Indian indirect tax structure was

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replaced with the separate legislations namely, SGST, CGST and IGST. Submergence of various central as well as state taxes into single tax (GST) which makes it possible to easy and fully availability of ITC and also helps in removing economic distortions caused by complex tax structure and helps in development of common national market.

GST is critical in terms of its potential for growth and development but a hasty implementation without adequate and timely preparation will hamper the progress of a country like India .However, GST cannot be expressed as a magical tool to eradicate the problems existing in the indirect tax regime of India. Like any other reform, there are certain shortcomings in the implementation of GST. The most important problem faced in the implementation of GST is a sense of vagueness. This concept is still not clear to both people as well as officials. As the GST is still in its infant stage, there is wider tension among common men and business entities because of its ambiguous nature.

STATEMENT OF THE PROBLEM

The GST is aimed to uplift the Indian tax structure in tune with the global benchmarks, which necessary for foster economic growth and for competing the national products in the international markets. The economic unification is only done through implementing common structure for the nation and GST become essential for India's economy. It has potential to end the longstanding distortions arising out of the differential treatment of the trading and service sectors. The core challenge is that people are still in vague about the tax structure of GST and become worst when people ignore and boycott by not paying the tax. In this context the challenges posed on GST in India and how this can be removed is examined the study.

OBJECTIVES OF THE STUDY

The following are the objectives of the study:
1.   To examine the challenges of the GST in manufacturing and service sector; and
2.   To compare the prospects and challenges of manufacturing and service sector

METHODOLOGY

a. Method of study: The method of study is analytical as well as descriptive to identify the most important challenges posed on GST .
b. Data Source: The study uses both secondary and primary data
a. **Secondary data:** The data is collected from press releases of CBEC, newspaper reports, 10thconstitution amendment act, Central government publications, notifications of CBEC and Central Government and articles published on various national international journals etc.
b. **Primary Data: P**rimary data is collected from the manufacturing concerns and service providers

Sampling technique: Purposive Sampling technique is used for the collection of primary data . 60 respondents each from Trading and Service sector is taken for the study by making a total of 120 respondents by using Purposive Sampling Technique. The sample design is shown in the following :

Respondents Selection

TRADING (60)			SERVICE(60)		
Southern	Central	Northern	Southern	Central	Northern
Trivandrum	Ernakulam	Calicut	Trivandrum	Ernakulam	Calicut
20	20	20	20	20	20

Tools used for collection of Data: Primary Data was collected by using an Interview Schedule specifically developed for the purpose

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Tools for Data Collection: Simple mathematical and statistical tools like ratios, percentages and ranks are used for interpretation and analysis of data for drawing inferences.

DATA ANALYSIS AND INTERPRETATION

In the first part socio economic profile of the respondents are analysed and the second part include the identification of problems based on ranking method for ascertaining the most critical challenges according to respondents .

Part A: Analysis on Socio economic Variables:

1. **Gender**

Table 1
Classification on the basis of Gender

Gender	Sector		Total
	Trading	Service	
Male	44 (73)	53 (88)	97 (81)
Female	16 (27)	7 (12)	23 (19)
Total	**60 (100)**	**60 (100)**	**120 (100)**

Source: Primary Data
: Figures in brackets shows percentage to total

The table 1 shows the gender wise classification of the respondents . It is clear that majority of the respondents in the sample are males (81per cent) in which 73 per cent in trading sector and 88 percent of them in the service.

2. **Age**

Table 2
Age wise classification of respondents

AGE GROUP	Sector		Total
	Trading	Service	
Below 30	6 (10)	7 (12)	13 (11)
30-40	11 (18)	12 (20)	23 (19)
40-50	10 (17)	19 (32)	29 (25)
50-60	21 (35)	17 (28)	38 (31)
Above 60	12 (20)	5 (8)	17 (14)
Total	**60 (100)**	**60 (100)**	**120 (100)**

Source: Primary Data
: Figures in brackets shows percentage to total

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It is noticed from Table 2 that 31per cent of the respondents are age group of 50-60 followed by 40-50(25 per cent) in case of trading sector the age group of 50-60 was dominating having a share of 35 percent, but in the service sector age group of 40-50 was dominating having a share of 32 per cent.

3. Educational Qualifications

Table 3
Classification on the basis of Educational Qualifications

Education Qualifications	Sector		Total
	Trading	Service	
Primary	13 (22)	11 (18)	24 (20)
Secondary	22 (36)	16 (25)	37 (31)
Graduates	15 (25)	20 (33)	35 (29)
Post Graduates / Professionals	7 (12)	11 (18)	18 (15)
Others	3 (5)	3 (5)	6 (5)
Total	60 (100)	60 (100)	120 (100)

Source: Primary Data
: Figures in brackets shows percentage to total

It is clear from table 3 that the majority of the respondents having the secondary level qualification (31 percent). In trading sector majority of the respondents are having secondary level Qualification (36 percent), in the Service sector graduation was the qualification of the majority (33 per cent).

4. Experience

Table 4
Classification based on Experience

Experience	Sector		Total
	Trading	Service	
0-5 years	4 (7)	3 (5)	7 (6)
5-10 years	23 (38)	29 (48)	52 (43)
10-15 years	22 (37)	17 (28)	39 (33)
Above 15 Years	11 (18)	11 (18)	22 (18)
Total	60 (100)	60 (100)	120 (100)

Source: Primary Data
: Figures in brackets shows percentage to total

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It is noted from table 4 that a majority of the respondent having an experience of 5-10 years (43 percent), in trading sector it was 38 percent and service sector it dominates 48 per cent

Part B: Variable Analysis
Problems on Trading Sector and the Service sector are analysed separately in this part.

Table 5
Views on Problems on Trading Sector

Problem	Frequency							Mean	Rank
	1st	2nd	3rd	4th	5th	6th	7th		
Issues related to threshold limits	9 (15)	8 (13.33)	12 (20)	10 (16.67)	8 (13.33)	9 (15)	4 (6.67)	4.28 (61.14)	3
Input Tax credit problems	8 (13.33)	7 (11.67)	8 (13.33)	9 (15)	12 (20)	8 (13.33)	8 (13.33)	3.9 (55.71)	4
Composition levy related aspects	6 (10)	8 (13.33)	9 (15)	8 (13.33)	11 (18.33)	10 (16.67)	8 (13.33)	3.8 (54.29)	5
IT infrastructural Issues	11 (18.33)	12 (20)	9 (15)	8 (13.33)	7 (11.67)	7 (11.67)	6 (10)	4.45 (63.57)	1
Changes and vagueness on provisions of the act	10 (16.67)	10 (16.67)	9 (15)	13 (21.67)	8 (13.33)	4 (6.67)	6 (10)	4.42 (63.14)	2
Complaints related to return filing	9 (15)	8 (13.33)	8 (13.33)	6 (10)	8 (13.33)	8 (13.33)	13 (21.67)	3.8 (54.29)	5
Training and recruitment cost of new employees	7 (11.67)	7 (11.67)	5 (8.33)	6 (10)	6 (10)	14 (23.33)	15 (25)	3.35 (47.86)	7

Source: Primary Data

: Figures in brackets shows percentage to total

The Table5 shows the various problems faced by trading sector in connection with GST. It is clear from the table that IT infrastructural issues is the crucial issue having a mean score of 4.45(63.57), Changes and vagueness on provisions of the act having a mean score of 4.42(63.14) was ranked second followed by Issues related to threshold limits (4.28), Input Tax credit problems (3.9), Composition levy related aspects (3.8), Complaints related to return filing (3.8) and Training and recruitment cost of new employees (3.35).

Table 6
Views on Problems on Service Sector

Problem	Frequency							Mean	Rank
	1st	2nd	3rd	4th	5th	6th	7th		
Issues related to threshold limits	7 (11.67)	9 (15)	13 (21.67)	9 (15)	8 (13.33)	8 (13.33)	6 (10)	4.17 (59.57)	3
Input Tax credit problems	10 (16.67)	11 (18.33)	8 (13.33)	8 (13.33)	7 (11.67)	7 (11.67)	9 (15)	4.2 (60)	2
Composition levy related aspects	6 (10)	9 (15)	9 (15)	8 (13.33)	7 (11.67)	11 (18.33)	10 (16.67)	3.77 (53.86)	5
IT infrastructural Issues	13	9	8	10	8	7	5	4.47	1

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	(21.67)	(15)	(13.33)	(16.67)	(13.33)	(11.67)	(8.33)	(63.86)	
Changes and vagueness on provisions of the act	9 (15)	7 (11.67)	8 (13.33)	11 (18.33)	10 (16.67)	9 (15)	6 (10)	4.05 (57.86)	4
Complaints related to return filing	8 (13.33)	9 (15)	5 (8.33)	8 (13.33)	9 (15)	10 (16.67)	11 (18.33)	3.75 (53.57)	6
Training and recruitment cost of new employees	7 (11.67)	6 (10)	9 (15)	6 (10)	11 (18.33)	8 (23.33)	13 (21.67)	3.6 (51.43)	7

Source: Primary Data
: Figures in brackets shows percentage to total

The Table 6 shows the various problems faced by service sector in connection with GST. It is clear from the table that IT infrastructural issues is the crucial issue having a mean score of 4.47(63.86), Input Tax credit problems having a mean score of 4.2(60) was ranked second followed by Issues related to threshold limits (4.17), Changes and vagueness on provisions of the act (4.05), Composition levy related aspects (3.77), Complaints related to return filing (3.75) and Training and recruitment cost of new employees (3.6).

Table 7
Views on Prospects of Trading Sector

Prospects	Frequencies						Mean	Rank
	1st	2nd	3rd	4th	5th	6th		
Simplified Interstate trade	10 (16.67)	11 (18.33)	11 (18.33)	12 (20)	9 (15)	7 (11.67)	3.67 (61.11)	3
Online computation faster return filing	12 (20)	11 (18.33)	14 (23.33)	10 (16.67)	8 (13.33)	5 (8.33)	3.9 (65)	1
Avoidance of multipoint taxation	9 (15)	8 (13.33)	8 (13.33)	10 (16.67)	11 (18.33)	14 (23.33)	3.2 (53.33)	5
Uniform taxation policy	11 (18.33)	9 (15)	10 (16.67)	9 (15)	10 (16.67)	11 (18.33)	3.48 (58.06)	4
Easy claiming of ITC	8 (13.33)	7 (11.67)	6 (10)	10 (16.67)	14 (23.33)	15 (25)	3 (50)	6
Simplified billing process	10 (16.67)	14 (23.33)	11 (18.33)	9 (15)	8 (13.33)	8 (13.33)	3.75 (62.5)	2

Source: Primary Data
: Figures in brackets shows percentage to total

The Table 7 shows the various prospects of GST on trading sector. It is clear from the table that Online computation faster return filing is ranked first having a mean score of 3.9(65) , Simplified billing process having a mean score of 3.75(62.5) was ranked second, followed by Simplified Interstate trade (3.67), Uniform taxation policy (3.48), Avoidance of multipoint taxation (3.2) and Easy claiming of ITC (3.2).

Table 8
Views on Prospects of Service Sector

Prospects	Frequencies						Mean	Rank
	1st	2nd	3rd	4th	5th	6th		
Simplified Interstate trade	12 (20)	15 (25)	13 (21.67)	9 (15)	7 (11.67)	4 (6.67)	4.07 (67.78)	1

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Online computation faster return filing	13 (21.67)	11 (18.33)	12 (20)	9 (15)	9 (15)	6 (10)	3.87 (64.44)	2
Avoidance of multipoint taxation	9 (15)	10 (16.67)	7 (11.67)	12 (20)	13 (21.67)	9 (15)	3.38 (56.39)	4
Uniform taxation policy	8 (13.33)	7 (11.67)	10 (16.67)	9 (15)	13 (21.67)	13 (21.67)	3.15 (52.5)	5
Easy claiming of ITC	6 (10)	7 (11.67)	4 (6.67)	10 (16.67)	11 (18.33)	22 (36.67)	2.68 (44.72)	6
Simplified billing process	12 (20)	10 (16.67)	14 (23.33)	11 (18.33)	7 (11.67)	6 (10)	3.85 (64.17)	3

Source: Primary Data

: Figures in brackets shows percentage to total

The Table 8 shows the various prospects of GST on service sector. It is clear from the table that Simplified Interstate trade having a mean score of 4.07(67.78) was ranked first, Online computation faster return filing is ranked second having a mean score of 3.87(64.44) , followed by Simplified billing process (3.85), Avoidance of multipoint taxation (3.38), Uniform taxation policy (3.15) and Easy claiming of ITC (2.68).

SUMMARY OF FINDINGS , CONCLUSIONS AND SUGGESTIONS
SUMMARY OF FINDINGS
- In the sample majority of the respondents are males (81per cent).
- As far as age group is concerned 31per cent of the respondents are age group of 50-60 followed by 40-50(25 per cent) in case of trading sector the age group of 50-60 was dominating having a share of 35 percent, but in the service sector age group of 40-50 was dominating having a share of 32 per cent.
- Majority of the respondents having the secondary level qualification (31 percent) in which 36 per cent having secondary level Qualification (Trading sector) and in the Service sector graduation was the qualification of the majority (33 per cent).
- Majority of the respondent having an experience of 5-10 years (43 percent), in trading sector it was 38 percent and service sector it dominates 48 per cent.
- The most prominent problem faced by Trading sector was IT infrastructural issues, also Faces the problems like Changes and vagueness on provisions of the act , Issues related to threshold limits , Input Tax credit problems, Composition levy related aspects, Complaints related to return filing and Training and recruitment cost of new employees .
- The most prominent problem faced by Service Sector was IT infrastructural issues, also Faces the problems like Input Tax credit problems, Issues related to threshold limits Changes and vagueness on provisions of the act, Composition levy related aspects, Complaints related to return filing and Training and recruitment cost of new employees .
- Online computation faster return filing is the biggest advantage of GST in respect to trading sector other prospects are Simplified billing process, Simplified Interstate trade, Uniform taxation policy, Avoidance of multipoint taxation and Easy claiming of ITC.
- Simplified Interstate Trade is the biggest advantage of GST in respect to service sector other prospects are Online computation faster return filing, Simplified billing process, Avoidance of multipoint taxation, Avoidance of multipoint taxation, Uniform taxation policy and Easy claiming of ITC.

CONCLUSIONS
Goods and Service Tax (GST) is an ultimate transformer of the Indian taxation regime with reflect the money and fiscal policies of the country which has positive and negative impact on the Indian economy as whole and every sector as specific. The study focuses on problems and prospects of trading and service

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sectors. Kerala is a prominent consumer in India, the most flourishing sector of Kerala's economy was trading and service sector. From the analysis of the opinion of the respondents , even though it is few, makes it clear that there exists various challenges according them and equal to more than that there are prospects in future provided the problems are remedied then and there .

SUGGESTIONS

The following suggestions are made for meeting the challenges and its effective implementation of the GST in India:

- Initiate adequate measures for improving the IT infrastructure through modern technology for avoiding the present day problems confronted and maintain secrecy and security of information.
- Steps should be initiated for socializing the people and also the Dealers at all levers about GST .
- Steps should be taken for extending training to all stakeholders involved in indirect tax particularly GST and importance, need and implementation process
- Initiate measures for creating awareness among dealers and fill the gap of availability of professionals.

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