



SHRI RAM COLLEGE OF COMMERCE



Startups Restoring The Indian Economy?- A Study on Impact of Startups on The Indian Economy

Arihant Jain

The Initiative to Boycott Chinese Goods

Kuhikaa Vaishnavjee Arora

India and Its New States: An Analysis of Performance of Divided States - Pre and Post Bifurcation

Vartika Agarwal

Goods and Services Tax: Its adoption and challenges faced

Sitanshu Pugalia

Accentuating Corporate Compliances: A Trade-off Between Pellucidity and Ease of Doing Business

Arpit Chawla & Niti Banka

Are Central Banks creating the next Financial Crisis?

Simranjeet Singh

How Secure is our Data?- An Analysis of Data Privacy and Data Security in this Digital Era

Divya Tibrewal

Healthcare and The Indian Economy

Rishabh Bafna and Nipun Bansal

Inflation Targeting

Prashasti Rohatgi & Shreya Gupta

Agricultural Loan Relinquishment: An Economic Distress?

Chirayu Vijaywargiya & Yash Kumar Singhal

STRIDES

A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

VOLUME 2 ISSUE 1 2017-18

PATRON

Shri Ajay S. Shriram
Chairman, Governing Body

PRINCIPAL

Prof. Simrit Kaur

EDITOR

Dr. Santosh Kumari
Ph.D., M.Phil., M.Com., M.A. Educational Leadership and Management
(University of Nottingham, England, United Kingdom)

Assistant Professor
Department of Commerce
Shri Ram College of Commerce
University of Delhi
Delhi-110007
India

E-mail: strides@srcc.du.ac.in

COMMITTEE ON PUBLICATION ETHICS (COPE)

Prof. Simrit Kaur	Chairman
Dr. Santosh Kumari	Convener
Dr. Ashok Sehgal	Senior-most Faculty in the College
Dr. Suman Bhakri	Coordinator, Global Business Operations
Dr. Mallika Kumar	Teacher-in-Charge, Department of Commerce
Dr. A.J.C.Bose	Teacher-in-Charge, Department of Economics

REFEREES

The following referees reviewed research papers during the academic year 2017-18.

Mr. S.K. Aggarwal	Former Associate Professor, Department of Commerce, SRCC
Dr. Ravi Gupta	Associate Professor, Department of Commerce, SRCC.
Dr. Anil Kumar	Associate Professor, Department of Commerce, SRCC.
Dr. Deepashree	Associate Professor, Department of Commerce, SRCC.
Dr. S.K. Bohidar	Associate Professor, Department of Commerce, SRCC.
Dr. Suman Bhakri	Associate Professor, Department of Commerce, SRCC.
Dr. A.J.C. Bose	Associate Professor, Department of Economics, SRCC.
Mr. Amit Sachdeva	Associate Professor, Department of Commerce, SRCC.
Dr. Santosh Kumar	Assistant Professor, Department of Commerce, SRCC.
Dr. Pankaj Chaudhary	Assistant Professor, Department of Commerce, SRCC.
Dr. Monika Bansal	Assistant Professor, Department of Commerce, SRCC.

WEBLINK

<http://www.srcc.edu/publications/students-publications>

IMPRINT LINE

*Printed and published by Prof. Simrit Kaur (Principal, Shri Ram College of Commerce) on behalf of 'Shri Ram College of Commerce' and printed at M/s Poonam Printers, C-145, Back Side, Naraina Industrial Area, Phase-I, New Delhi and published at Shri Ram College of Commerce, University of Delhi, Maurice Nagar, Delhi-110007, India.
Editor – Dr. Santosh Kumari*

License No. - DCP / LIC No. F. 2 (S / 37) Press / 2017

All correspondence relating to publication of the Journal should be addressed to :

The Principal
Shri Ram College of Commerce
University of Delhi, Maurice Nagar
Delhi - 110 007 (India)
e-mail: principaloffice@srcc.du.ac.in

Principal's Message

The mission statement of the College, signifying the existence and its road map to the achievement of its vision, reads as:

"To achieve and sustain excellence in teaching and research, enrich local, national and international communities through our research, improve skills of alumni, and to publish academic and educational resources"

To achieve and promote excellence in publications and applied research, the College has taken the initiative to launch a new journal exclusively to publish students' research papers and articles. It will be an add-on to the enriched catalogue of College publications and academic literature.

The journal has provided an opportunity to the students of our college to focus on research. Since the students were not opened to the research methodologies at the undergraduate level, they were mentored by experienced senior faculties of our College. Simultaneously, their articles were also reviewed by the referees and tested for plagiarism before publication. After reporting all the suggestions recommended by the referees, the articles were revised and then finally published. The College had successfully released the foundation issue of the journal **"Strides – A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17"** on the occasion of 91st Annual Day



of College held on 13th April 2017. The Journal was released by Shri Prakash Javadekar, Honb'le Minister of Human Resource Development, Government of India.

The college has already applied for seeking International Standard Serial Number (ISSN) for the Journal. The application for ISSN is still under process.

I would like to congratulate the students whose papers are published in this issue of the journal and simultaneously encourage all the students to contribute their research papers and articles for the successive issues of the Journal.

Best wishes for their future endeavors.

Prof. Simrit Kaur
Principal



Editor's Message

Shri Ram College of Commerce is well known for its academic excellence and dedicated approach towards dissemination of knowledge in the academic world. The College appreciates the role of research in education and is committed to developing an inclination towards research in both faculty and students. In this pursuit, the College has taken the initiative to launch a new Journal named 'Strides – A Students' Journal of Shri Ram College of Commerce' to encourage students to pursue research under the guidance of the faculty of Shri Ram College of Commerce.

It is a bi-annual journal launched exclusively to publish academic research papers and articles by the students on contemporary topics and issues in the area of commerce, economics, management, governance, policies etc.

In order to maintain high standards of publication, the Committee on Publication Ethics (COPE) has been constituted. The COPE shall be the apex authority to take all decisions related to publication of research papers and articles in Strides. The decision of the COPE shall be final and binding.

To maintain high academic standards, academic ethics and academic integrity, a rigorous process of double blind review of research papers is followed along with screening for plagiarism of each



manuscript received by the college for publication. The research work published in Strides is original and not published or presented at any other public forum.

The foundation issue of the Journal i.e. **"Strides – A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17"** was successfully released on 91st Annual Day of the College held on 13th April 2017 by Shri Prakash Javadekar, Hon'ble Minister of Human Resource Development, Government of India.

The successive Issues of 'Strides – A Students' Journal of Shri Ram College of Commerce' shall be bi-annually released.

Dr. Santosh Kumari
Editor



Visit: <http://www.srcc.edu/publications/students-publications>

STRIDES

A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

Volume 2

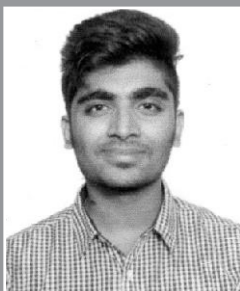
Issue 1

2017-18

CONTENTS

RESEARCH PAPERS AND ARTICLES

Startups Restoring The Indian Economy?- A Study on Impact of Startups on The Indian Economy Arihant Jain	1
The Initiative to Boycott Chinese Goods Kuhikaa Vaishnavee Arora	17
India and Its New States: An Analysis of Performance of Divided States - Pre and Post Bifurcation Vartika Agarwal.	31
Goods and Services Tax: Its adoption and challenges faced Sitanshu Pugalia	47
Accentuating Corporate Compliances: A Trade-off Between Pellucidity and Ease of Doing Business Arpit Chawla & Niti Banka	67
Are Central Banks creating the next Financial Crisis? Simranjeet Singh	77
How Secure is our Data?- An Analysis of Data Privacy and Data Security in this Digital Era Divya Tibrewal	85
Healthcare and The Indian Economy Rishabh Bafna & Nipun Bansal	93
Inflation Targeting Prashasti Rohatgi & Shreya Gupta	103
Agricultural Loan Relinquishment: An Economic Distress? Chirayu Vijaywargiya & Yash Kumar Singhal	121



Sitanshu Pugalia
B.Com(Hons.) - IIInd Year
Shri Ram College of Commerce
University of Delhi

Mentor

Ms. Pooja Dhingra
Assistant Professor
Department of Commerce
Shri Ram College of Commerce

Goods and Services Tax: Its adoption and challenges faced

(An Empirical Study on GST readiness
of Small and Medium Enterprises)

Abstract

GST also known as the Goods and Services Tax can be defined as a comprehensive tax system that will subsume all indirect taxes levied by the States and Central Governments, and unified economy into a coherent national market. It is expected to iron out wrinkles of existing indirect tax system and play an important role in the growth and development of the country. Small and Medium Enterprises (SMEs) have been the backbone of the Indian economy for decades. For a capital scarce developing country like India, SMEs are considered as relief for several economic burdens like unemployment, poverty, income inequalities and regional imbalances. The implementation of Goods and Services Tax (GST) has changed the format and provisions regarding filing of return due to which the businesses had to undergo significant changes and update their knowledge. It is important for the businesses to be ready for accepting such a change in order to avoid confusion. This research focuses on the impact of this new tax regime on Small and Medium Enterprises of the country. The research findings pinpoint towards the challenges faced by SMEs towards the adoption of GST and outlook of the businesses towards it. The readiness on GST is still at

nascent stage in India. The study found that there is difference in the perception of the Business Sectors about the perceived improvements required in current GST. It was also found that there is no difference in their perception with regard to its Benefits and Challenges faced in its adoption.

Key words: Goods and Services Tax; incorporate all indirect taxes; Growth and Development; Small and Medium Enterprises; relief from economic burden

Introduction

The sound of the bell which was rung in the Parliament at the stroke of midnight of 30 June, 2017 has echoed in the world as the trumpet of Indian political maturity and cohesion. It was indeed a historic occasion and a paradigm shift as India moved towards 'One Nation, One Tax, One Market.' Though the midnights of 2017 and 1947 are not comparable in the bliss of freedom but the setting, the high domed Central Hall of Parliament was virtually recalling history in the presence of Honorable Prime Minister and President of the country.

GST is a destination-based single tax on the supply of goods and services from manufacturers to the consumers which has replaced multiple indirect taxes levied by the Central and State Governments, thereby converting the country into an undivided market. Among other benefits, GST aims to improve the ease of doing business in tax compliance, improve tax administration, mitigate tax evasion, broaden the organized segment of the economy and boost tax revenues. Such regime has already been adopted by 160 odd countries that includes many powerful nations like Germany, Russia, UK, China and Japan. The introduction of GST in India is expected to be a big step in the direction of improving the country's ranking in the ease of doing business. Sadly, India is placed at a lowly 130th position out of 190 countries in the World Bank's Doing Business report 2017.

CONCEPT

GST is an indirect tax which will incorporate almost all the indirect taxes of both Union and State Governments into a single tax. GST will be levied on all the transactions of a business such as sale, transfer, purchase, lease, barter, or import of goods and services. India has adopted a dual GST model, which means that taxation is governed by both the Central and the State Governments. Transactions taken place within a single state will be chargeable with Central GST (CGST) by the Central Government and State GST (SGST) by the State Government. An Integrated GST (IGST) is levied by the Central Government for inter-state transactions and imported goods or services.

LITERATURE REVIEW

AUTHOR AND YEAR OF STUDY	BRIEF DESCRIPTION AND FINDING
Ahmed and Poddar (2009)	The findings concluded that introduction of Goods and Services Tax will provide a transparent tax system with increase in output and productivity of Indian economy. But the benefits of such tax regime are critically dependent on the rational design of the tax.
Vasanthagopal R. (2011)	The study concluded that switching to a smooth and simpler Goods and Services Tax from current arduous indirect tax system in India will be a positive step in prospering the economy of the country. More than 130 countries in the world have acknowledged the success of GST.
Mawuli Agogo (2014)	The study concluded that in the case of economically developing and underdeveloped counties, GST is not gratifying and does not provide sufficient development but if still these countries plan to adopt GST then the rate should not be more than 10% for ensuring growth.
Kumar Nitin (2014)	The study finds that application of Goods and Services Tax in a country helps in removing economic distortion by current indirect tax system and is expected to boost equitable tax structure which is indifferent to topographical locations.
Pinki et al (2014)	The study viewed that the new NDA government in India is positive towards implementation of GST and it is beneficial for Governments and consumers in long run only if its implementation is backed by strong IT infrastructure.
Lim Boon Poh et al. (2014)	The study stated that GST will boost the prices both in the short term and long term, resulting in a fall in domestic consumption, thus, adversely affecting the growth of economy.
Sehrawat and Dhanda (2015)	The study concluded that the application of Goods and Services Tax stands for a seamless tax system which will collate most of current indirect taxes. In long term, it will lead to higher productivity, improved employment opportunities and increase GDP by around 1.5%.

Statement of Problem

The main aim of GST is to simplify the taxation process, reduce the burden of taxes and ensure compliance of tax payment. This is possible only if all the Governments and GST Council implements it efficiently, which is thereby dependent on the cooperation between businesses and government. Unfortunately, the study reflects the failure of government in educating the businesses properly and communicating the necessary features of the new tax regime. This leads to misunderstandings and reduces the faith of the enterprises on the governmental practices and facilities.

Thorough and up-to-date knowledge of tax laws is necessary to avail the benefits provided under the provisions of the Act. Unless the businesses are properly aware of all the provisions of GST, the new tax regime will not be able to achieve its true objective. Thus, it is important to clarify all the doubts of businesses and help them to prosper through proper cooperation. The current study is an effort to analyze the readiness of the existing SMEs and their views regarding the new tax regime of GST in the light of tax administration measures being implemented by the Government.

Theoretical Analysis

GST seeks to replace 17 indirect taxes (8 Central + 9 State levels) and 23 Cesses of the Centre and States, eliminating the need for filing multiple returns and helps in rationalizing the tax treatment of goods and services along the supply chain from producers to consumers. A study by CII-KPMG (2014) concluded that the businesses faced major issues with respect to registration of VAT, excise, customs and service tax; movement of goods; dealing with tax authorities; availing tax incentives; and obtaining timely tax refund. Using IT platform of Goods and Services Tax Network (GSTN), which is a shared infrastructure between Centre and States, providing reliable and efficient IT backbone for smooth functioning of the new tax regime, where tax payers can register, file, make payments and claim refunds online at anytime from anywhere without having to interface with any tax officials.

Though with many other benefits along with the listed one, the study has found certain limitations regarding its implementation also. Since, GST is presently undergoing many changes, it is often argued that the tax authority should have explored such problems before the implementation because it is difficult for the enterprises to keep a note of all such changes. There have also been certain technical glitches which had made it difficult to claim the input tax credit by the businesses (Dated 16 September, 2017 in Economic Times).

As mentioned, some of the provisions of GST have had an adverse effect on small and medium enterprises especially regarding the monthly filing of returns. Since, in the previous taxation system, these enterprises had to file return quarterly, so this transition was an expensive and cumbersome process on their part. Realizing the problem, the

Finance Minister, Arun Jaitley along with the GST Council modified the provisions that taxpayers with turnover Rs. 1.5 crore or less will also file quarterly returns instead of the monthly return which will cover 90% of assesseees.

Objective of the study

The objectives of the study are:

1. To judge if the SMEs are satisfied with the implementation of the new tax regime in their respective business sectors.
2. To check if the existing firms are well-aware of all the relevant information and their views on the role of government in educating them about GST.
3. To analyze if the impact of GST is different in different business sectors.
4. To study the impact of GST in their business sector in the short run and their expectation in the long run.
5. To analyze their views regarding any modifications (if needed) in the present system of GST.

Hypotheses

The following hypotheses were made about the objectives:

1. "H01"- **Positive Outlook for GST** does not significantly vary across the **Business Sectors**.
2. "H02"- **Improvements required in GST** do not significantly vary across the **Business Sectors**.
3. "H03"- **Challenges of GST faced** do not significantly vary across the **Business Sectors**.
4. "H04"- Perceived **Benefits of GST** do not significantly vary across the **Business Sectors**.

Methodology

The study is analytical as well as descriptive in nature. It makes use of both primary data and secondary data. A few enterprises from different business sector were taken as sample for pilot study in order to prepare a well-structured questionnaire to collect information relating to GST readiness of the small and medium enterprises of the nation. The data was obtained by a field survey of the actual enterprises through online and offline modes.

The sample consisted of individuals who were 21 years or older; running a micro, small or a medium enterprise and willing to participate in the study. The survey was conducted in Delhi, Surat, Bangalore, Calcutta and Manipur. August-September, 2017 was considered as the period of study for collecting primary data. Secondary data for the study was

collected from the reports of GST Council, circulars and notifications of Central Board of Excise and Customs, Books, Journals, Yojana Magazine and News Paper Reports.

All data were tabulated and analyzed with the help of statistical tools. SPSS was used for the analysis. Percentages, averages, ratios, factor analysis, Kruskal-Wallis test were used to analyze the data.

DATA ANALYSIS AND DISCUSSION

A. Sample Demographics

Table 1 summarizes the demographic profile of 50 respondents. Out of these respondents, 66 per cent were less than 40 years old. The increasing number of startups in this modern era can be a key reason. Regarding educational qualification, 88 per cent respondents have passed 12th standard, where majority of them were graduates. A good educational background can help an individual to analyze the impact of Goods and Services Tax in a better manner. In the case of Business Sector, most of the respondents were from textile and electronics whereas only 16 per cent were related to Pharmaceutical and Scientific tools. These sectors were selected because of the following reasons:

1. Textile is the second largest employment generating sector in India,
2. Electronics sectors can contribute 25% to India's GDP, and
3. Pharmaceutical and Scientific tools affects the health of the citizens.

Table 1: Demographic profile of the Respondents

	Frequency	Percentage
Age		
21 to 30	18	36
31 to 40	15	30
41 to 50	8	16
51 to 60	7	14
61 to 70	2	4
Educational Qualification		
Not Passed 10th	2	4
10th Pass	4	8
12th Pass	13	26
Graduate	24	48
Post Graduate	7	14
Business Sector		
Textile	18	36
Electronics	24	48
Pharmaceutical and Scientific tools	8	16
Total	50	100

B. Analysis of Responses

Statistics					
		Filing of returns should be done quarterly instead of monthly.	GST should have only one tax rate.	GST is better than the past tax regime.	Due to GST, Businesses will not file their true return to the Government.
N	Valid	50	50	50	50
	Missing	0	0	0	0

Frequency Table

• Filing of returns should be done quarterly instead of monthly.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	29	58	58	58
	Agree	08	16	16	74
	Not Sure	02	04	04	78
	Disagree	07	14	14	92
	Strongly Disagree	04	08	08	100
	Total	50	100	100	

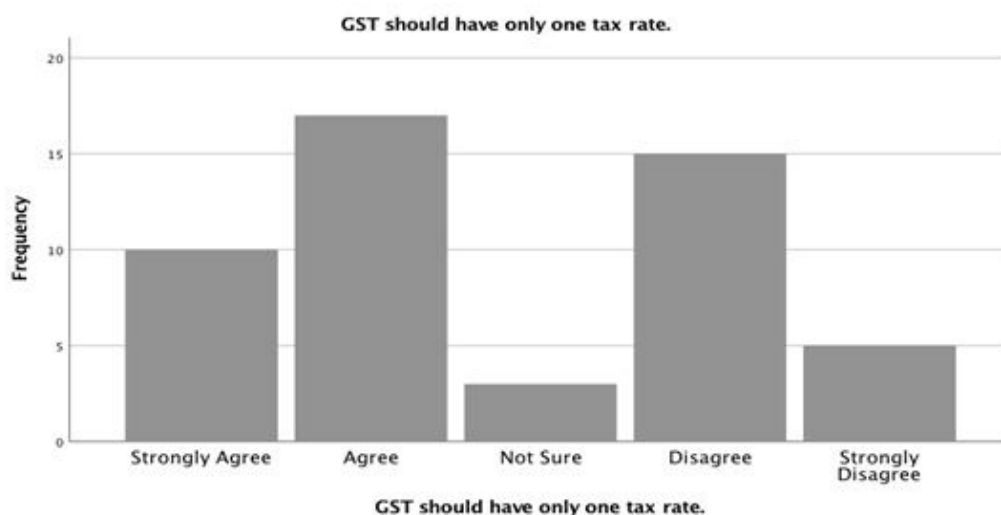
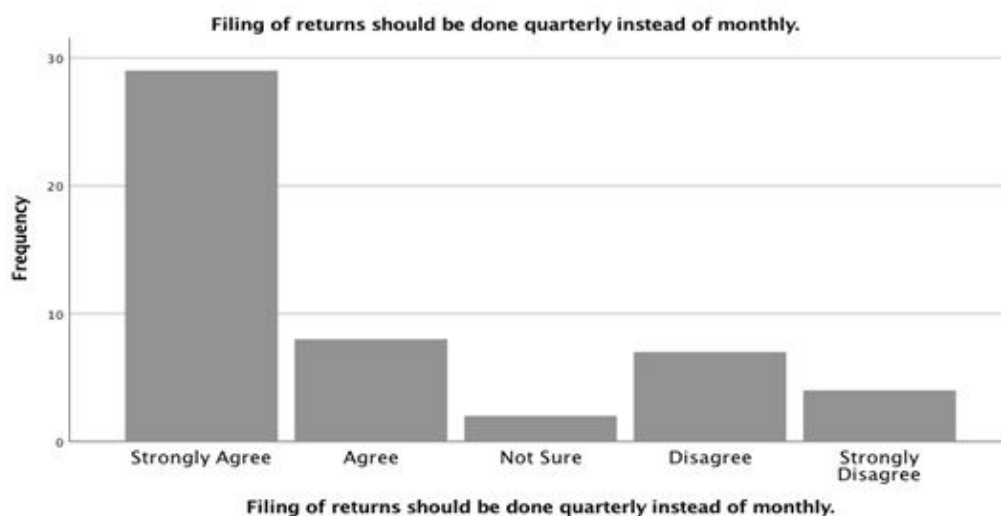
• GST should have only one tax rate.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	10	20	20	20
	Agree	17	34	34	54
	Not Sure	03	06	06	60
	Disagree	15	30	30	90
	Strongly Disagree	05	10	10	100
	Total	50	100	100	

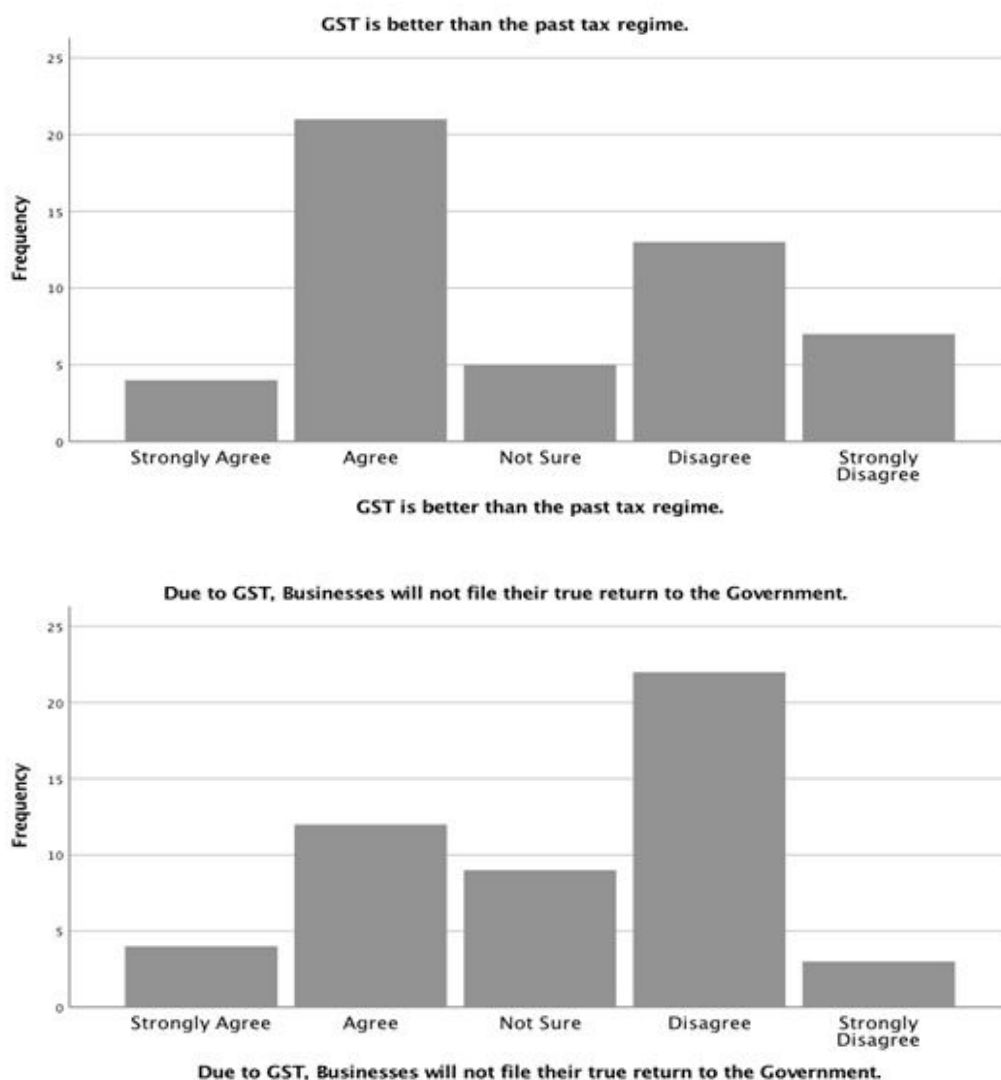
• GST is better than the past tax regime.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	04	08	08	08
	Agree	21	42	42	50
	Not Sure	05	10	10	60
	Disagree	13	26	26	86
	Strongly Disagree	07	14	14	100
	Total	50	100	100	

- Due to GST, Businesses will not file their true return to the Government.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	04	08	08	08
	Agree	12	24	24	32
	Not Sure	09	18	18	50
	Disagree	22	44	44	94
	Strongly Disagree	03	06	06	100
	Total	50	100	100	

Bar Charts





C. Factor Analysis

Prior to performing Principle Component Analysis (PCA), the suitability of data for factor analysis was assessed. For this, Kaiser-Meyer-Olkin (KMO) index of sampling adequacy and Bartlett's Test of sphericity were checked. The KMO index ranges from 0 to 1, with 0.50 suggested as the minimum value for a good factor analysis and the Bartlett's Test of Sphericity should be statistically significant ($p < .05$) for factor analysis to be considered appropriate (Hair et al., 1998). As seen in Table 2, Kaiser-Meyer-Olkin (KMO)'s value 0.746 and Bartlett's Test of Sphericity ($p = .000$) both showed enough adequacies of data to support the factor analysis.

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.746
Bartlett's Test of Sphericity	Approx. Chi-Square	349.597
	Df	153
	Sig.	0.000

As visible in Table 3, Principle Component Analysis (PCA) revealed the presence of five components with eigen value exceeding one. There are four factors resulting from the analysis explaining a total of per cent of variation in 58.743 the entire data set. The percentage of variation explained by the first, second, third and fourth factors are 22.307, 12.642, 12.255 and 11.539 per cent respectively after varimax rotation is performed.

Table 3: Total Variance Explained

Comp onent	Initial Eigenvalues			Rotation Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.467	30.374	30.374	5.467	30.374	30.374	4.015	22.307	22.307
2	2.201	12.226	42.601	2.201	12.226	42.601	2.276	12.642	34.949
3	1.581	8.781	51.382	1.581	8.781	51.382	2.206	12.255	47.204
4	1.325	7.361	58.743	1.325	7.361	58.743	2.077	11.539	58.743
5	1.193	6.627	65.370						
6	.913	5.070	70.440						
7	.866	4.810	75.250						
8	.801	4.452	79.702						
9	.705	3.918	83.619						
10	.566	3.145	86.764						
11	.419	2.328	89.092						
12	.414	2.298	91.390						
13	.363	2.018	93.408						
14	.350	1.943	95.351						
15	.320	1.778	97.129						
16	.224	1.245	98.375						
17	.169	.937	99.312						
18	.124	.688	100.000						
19	5.467	30.374	30.374	5.467	30.374	30.374	4.015	22.307	22.307

Extraction Method: Principal Component Analysis.

Table 4: Rotated Component Matrixa

	Rotated Component Matrixa			
	Component			
	1	2	3	4
GST will improve the position of the industry.	.804			
It is easy to file return in GST.				.609
The Government is properly educating businesses regarding filing return under GST.	.650			
GST is being implemented properly.	.630			
The businesses are aware of GST app.			.609	
GST will help in maximizing profit in the industry.	.628			
Corruption is Tax department (if exists) is the biggest challenge in GST implementation.			.766	
GST is the cause of decreasing GDP.			.782	
GST will be able to achieve its goal in the long run.	.641			
GST will benefit both the consumers and businesses.				.666
GST is better than the past tax regime.	.735			
Due to GST, Businesses will not file their true return to the Government.			.521	
Filing of returns should be done quarterly instead of monthly.		.540		
GST should have only one tax rate.		.630		
GST is an effective mechanism to eradicate black money.				.698
GST has negative impact in a short run..		.721		
Government should reconsider its decision of imposing GST.		.595		
Input tax credit is easy to claim and understand.`	.465			

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Based on the results reported in the “Rotated Factor Matrix”, as seen in Table 4, The following factor structure emerged:

- Factor 1: The positive outlook of the new tax regime, Goods and Service Tax (like, will it improve the position of industry or will it achieve its goal in the long run) are loaded on Factor 1. Thus, we name this factor as **“Positive Outlook”**.
- Factor 2: The questions suggesting the improvements required for the better implementation of GST (like, should filing of return be done quarterly or does it have negative impact in short run) are loaded in Factor 2. Thus, we name this factor as **“Improvements”**.
- Factor 3: The challenges of this new taxation policy (is it a cause for decreasing GDP of the nation or corruption in the tax department) are discussed in Factor 3. Thus, the name assigned to this factor is **“Challenges”**.

- Factor 4: The questions evaluating the positive impact of Goods and Services Tax in the long run (like will it benefit the consumers and businesses or is it an effective mechanism to eradicate black money) are loaded in this factor. Thus, we name the factor as “**Benefits**”.

Thus, factor analysis results clearly suggested that a model with three factors was adequate to represent the data. The four factors collectively accounted for 59 per cent of the variance in the questions framed regarding evaluating the readiness of small and medium enterprises regarding Goods and Services Tax (GST).

D. Reliability of the Scale Used

Factors	Cronbach's Alpha
Positive Outlook	.810
Improvements	.701
Challenges	.648
Benefits	.755

One of the most widely used measure of internal consistency of a measurement scale is Cronbach's alpha coefficient. The closer the Cronbach's Alpha coefficient is to one, the higher is the reliability of the scale (Nunnally, 1978; Nunnally and Bernstein, 1994). We checked the reliability of all the four factors measured through Factor Analysis. The Cronbach's alpha coefficient for three factors – Positive Outlook, Improvements and Benefits were 0.810, 0.701 and 0.755 respectively, suggesting the scale used were highly reliable. Only for the 'Challenges' factor, the Cronbach's coefficient was 0.648 which slightly below the threshold level of 0.7.

Cronbach's α is:

$$\alpha = \frac{N^2 Cov}{\sum s^2_{item} + \sum Cov_{item}}$$

E. Kruskal Wallis Test

To test the Hypotheses (Positive Outlook for GST, Improvement, Challenges, and Benefits of GST, do not significantly vary among the groups made based on **Business sector** of the respondents), test of Normality of data was carried out and as per **Kolmogorov Smirnov** and **Shapiro-Wilk** Test data was **not found to be Normal**. Hence, **Kruskal Wallis a Non-Parametric Test** was used.

The Kruskal-Wallis test is an alternative test of Analysis of Variances. It allows the comparison of more than two independent groups. Applying the Kruskal-Wallis Test, we can decide whether the groups are identical or not.

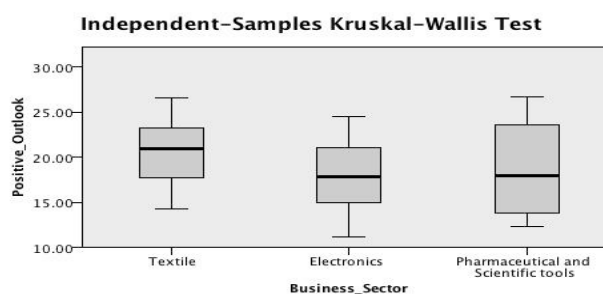
Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Positive_Outlook is the same across categories of Business_Sector.	Independent-Samples Kruskal-Wallis Test	.161	Retain the null hypothesis.
2	The distribution of Improvements is the same across categories of Business_Sector.	Independent-Samples Kruskal-Wallis Test	.009	Reject the null hypothesis.
3	The distribution of Challenges is the same across categories of Business_Sector.	Independent-Samples Kruskal-Wallis Test	.766	Retain the null hypothesis.
4	The distribution of Benefits is the same across categories of Business_Sector.	Independent-Samples Kruskal-Wallis Test	.374	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The above table shows that there is a significant difference among the various business sector categories of respondents in terms of improvements required in present GST, but no such difference was found among these groups in terms of Positive Outlook, Challenges, and Benefits of GST.

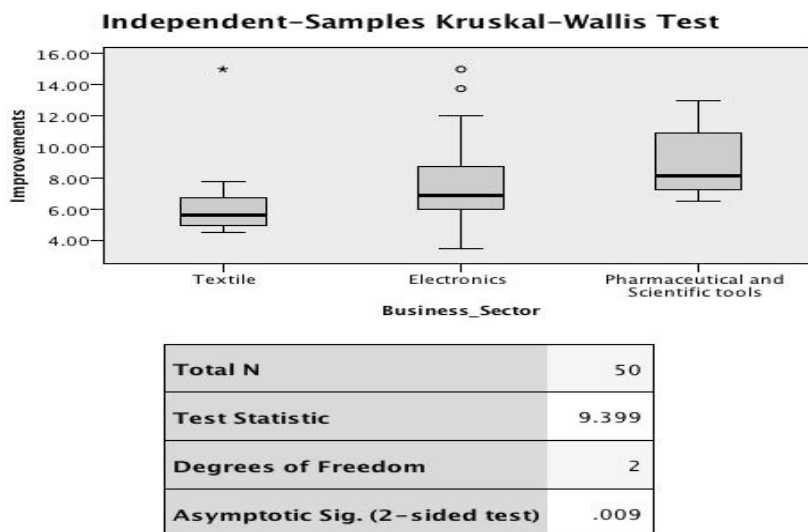
- Positive Outlook



Total N	50
Test Statistic	3.657
Degrees of Freedom	2
Asymptotic Sig. (2-sided test)	.161

1. The test statistic is adjusted for ties.
2. Multiple comparisons are not performed because the overall test does not show significant differences across samples.

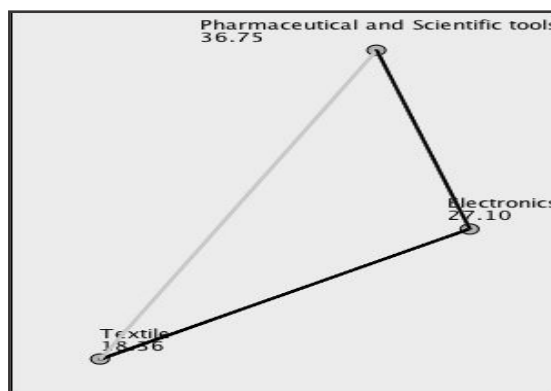
- Improvements



1. The test statistic is adjusted for ties.

Pairwise Comparisons of Experience (Post-hoc)

The significant difference was seen in at least one of the groups of respondents based on Improvements required in GST. In order to find which group/s differs, Post hoc Analysis was used for allowing pairwise comparison, the result of which is shown in the following table.



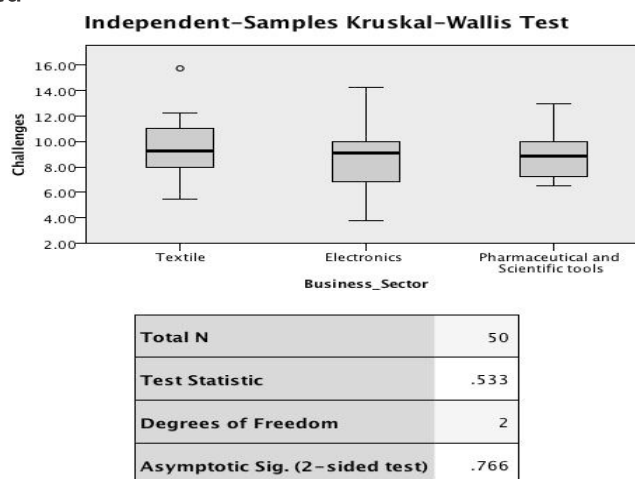
Each node now shows the sample average rank of Business Sector

Sample1-Sample2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj.Sig.
Textile-Electronics	-8.743	4.539	-1.926	.054	.162
Textile-Pharmaceutical and Scientific tools	-18.389	6.185	-2.973	.003	.009
Electronics-Pharmaceutical and Scientific tools	-9.646	5.943	-1.623	.105	.314

Each now tests the null hypothesis that the Sample 1 and Sample 2 distributions are the same. Asymptotic significance (2-sided tests) are displayed. The significance level is .05. Significance values have been adjusted by the Bonferroni correction for multiple tests.

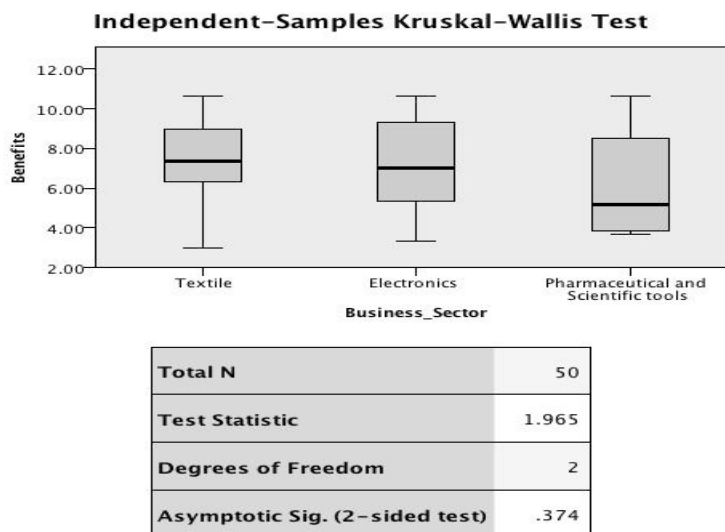
The above table shows that groups **Textile** and **Pharmaceutical and Scientific tools** differ in their perception on the **improvements required in the current GST**, so we reject the null hypothesis that **Improvements required in GST** do not significantly vary across the **Business Sectors**.

- Challenges faced



1. The test statistic is adjusted for ties.
2. Multiple comparisons are not performed because the overall test does not show significant differences across samples.

- **Benefits**



1. The test statistic is adjusted for ties.
2. Multiple comparisons are not performed because the overall test does not show significant differences across samples.

For the other 3 factors (**Positive Outlook for GST, Challenges of GST, and Benefits of GST**), we accept the null hypotheses that they do not significantly vary across the **Business Sectors**.

Conclusions and Implications

Goods and Services Tax can be considered as a second major surgical strike on tax evaders. For far too long, we have been witness to a maze of taxes and tax laws that have often even left the authorities befuddled. Finally, the dream of "One Nation, One Tax, One Market" is now a reality. The study concludes that there are improvements required in the present GST as the pinch is not felt in the same way by all business sectors, thus the current study is a catalyst to further studies which can come up with more suggestions to the Government for effective levy of the tax.

References

1. <http://www.doingbusiness.org/data/exploreeconomies/india>
2. Agogo Mawuli (2014): "Goods and Service Tax- An Appraisal Paper" presented at the PNG Taxation Research and Review Symposium, Holiday Inn, Port Moresby.
3. Nitin Kumar (2014), "Goods and Service Tax in India-A Way Forward", "Global Journal of Multidisciplinary Studies", Vol 3, Issue6, May 2014.

4. Pinki, Supriya Kamna, Richa Verma (2014), "Good and Service Tax – Panacea For Indirect Tax System In India", "Tactful Management Research Journal", Vol2, Issue 10, July 2014.
5. Hair, J.F., R.F. Anderson, R.L. Tatham and W.C. Black (1998), *Multivariate Data Analysis*, New Jersey: Prentice Hall.
6. Dr. R. Vasanthagopal (2011), "GST in India: A Big Leap in the Indirect Taxation System", *International Journal of Trade, Economics and Finance*, Vol. 2, No. 2, April 2011.
7. Ehtisham Ahmad and Satya Poddar (2009), "Goods and Service Tax Reforms and Intergovernmental Consideration in India", "Asia Research Center", LSE, 2009.
8. Monika Sehrawat and Upasana Dhanda (2015), "GST in India: A key Tax Reform", Delhi University, India, December, 2015.
9. Lim Boon Poh, Teoh Wei Chieh, Yap Wei Wah and Yong Kai Han (2014), "GST in Malaysia: An ugly truth or a beautiful lie?" presented at Universiti Tunku Abdul Rahman, Malaysia, August 2014.
10. CII-KPMG (2014), "Ease of Doing Business in India", A report of CIKPMG, New Delhi, May, 2014.
11. <https://economictimes.indiatimes.com/small-biz/sme-sector/GST-council-approves-1-cr-threshold-for-composition-scheme/articleshow/60973984.cms>.
12. <https://economictimes.indiatimes.com/news/economy/policy/gom-admits-to-glitches-in-network-delaying-gst-filings/articleshow/60714503.cms>
13. Nunnally, J.C. (1978), *Psychometric Theory*, 2nd Edition, McGraw-Hill Inc., New York.
14. Nunnally, J.C. and I.H. Bernstein (1994), *Psychometric Theory*, 3rd Edition, McGraw-Hill Inc., New York.

Appendix

Survey Questionnaire

QUESTIONNAIRE

Readiness of Goods and Service Tax (GST)

Dear Respondent

Small and Medium Enterprises (SMEs) have been considered as the primary growth driver of the Indian economy for decades. It is further evident from the fact that today we have around 3 million SMEs in India contributing almost 50% of the industrial output and 42% of India's total export. For a developing country like India and its demographic diversity, SMEs have emerged as the leading employment-generating sector and has provided balanced development across sectors.

After the passage of the Goods and Services Tax (GST) Bill, the Industry is hailing the Government for bringing up this reform which has been long pending because of political deadlocks. Thus, it is very important to analyze the impact of GST on Small & Medium Enterprises (SMEs).

In case of any query, kindly contact +91-98100-83883.

Please answer all the questions bellow by putting a tick (?) beside your best answer. Your cooperation is highly appreciated.

Name	:	_____
Age	:	_____
Educational Qualification	:	_____
Name of the Organization	:	_____
Business Sector	:	_____
Mobile (Optional)	:	_____

- 1) GST will improve the position of industry.

a) Strongly Agree	d) Disagree
b) Agree	e) Strongly Disagree
c) Not Sure	

- 2) It is easy to file return in GST.

a) Strongly Agree	d) Disagree
b) Agree	e) Strongly Disagree
c) Not Sure	

- 3) The Government is properly educating businesses regarding filing return under GST.

a) Strongly Agree	d) Disagree
b) Agree	e) Strongly Disagree
c) Not Sure	

- 4) GST will affect consumer behavior positively.

a) Strongly Agree	d) Disagree
b) Agree	e) Strongly Disagree
c) Not Sure	

- 5) Inter-state transaction of goods and services been easier through GST.

a) Strongly Agree	d) Disagree
b) Agree	e) Strongly Disagree
c) Not Sure	

- 6) Input tax credit is easy to claim and understand.

a) Strongly Agree	d) Disagree
b) Agree	e) Strongly Disagree
c) Not Sure	

- 7) GST is being implemented properly.
- a) Strongly Agree
 - b) Agree
 - c) Not Sure
 - d) Disagree
 - e) Strongly Disagree
- 8) Filing of returns should be done quarterly instead of monthly.
- a) Strongly Agree
 - b) Agree
 - c) Not Sure
 - d) Disagree
 - e) Strongly Disagree
- 9) GST should have only one tax rate.
- a) Strongly Agree
 - b) Agree
 - c) Not Sure
 - d) Disagree
 - e) Strongly Disagree
- 10) The Government has recently allowed rectification of errors without any penalty in the first two months of GST which will have a very positive impact in learning the process.
- a) Strongly Agree
 - b) Agree
 - c) Not Sure
 - d) Disagree
 - e) Strongly Disagree
- 11) GST will succeed in preventing cascading effect of tax.
- a) Strongly Agree
 - b) Agree
 - c) Not Sure
 - d) Disagree
 - e) Strongly Disagree
- 12) The businesses are aware of GST app.
- a) Strongly Agree
 - b) Agree
 - c) Not Sure
 - d) Disagree
 - e) Strongly Disagree
- 13) GST is an effective mechanism to eradicate black money.
- a) Strongly Agree
 - b) Agree
 - c) Not Sure
 - d) Disagree
 - e) Strongly Disagree
- 14) GST has negative impact in a short run.
- a) Strongly Agree
 - b) Agree
 - c) Not Sure
 - d) Disagree
 - e) Strongly Disagree
- 15) The increased rate of tax on services will worsen the demand of services.
- a) Strongly Agree
 - b) Agree
 - c) Not Sure
 - d) Disagree
 - e) Strongly Disagree

IMPRINT LINE

*Printed and published by Prof. Simrit Kaur (Principal, Shri Ram College of Commerce) on behalf of 'Shri Ram College of Commerce' and printed at M/s Poonam Printers, C-145, Back Side, Naraina Industrial Area, Phase-I, New Delhi and published at Shri Ram College of Commerce, University of Delhi, Maurice Nagar, Delhi-110007, India.
Editor – Dr. Santosh Kumari*

License No. - DCP / LIC No. F. 2 (S / 37) Press / 2017



RELEASE OF FOUNDATION ISSUE OF STRIDES



Foundation Issue of the Journal "*Strides - A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17*" was successfully released on the 91st Annual Day held on April 13, 2017 by Shri Prakash Javadekar, Hon'ble Union Minister of Human Resource Development, Government of India.



SHRI RAM COLLEGE OF COMMERCE

University of Delhi, Maurice Nagar, Delhi - 110 007

Phone: 011-27667905 Fax: 011-27666510