

## A CONCEPTUAL STUDY ON CURRENT CHALLENGES AND FUTURE PROSPECTS OF GST IN INDIA

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### ABSTRACT

*The taxation system of India has traditionally been identified with the indirect taxes. But the indirect tax system has traditionally been cascading and distorting on manufacturing of goods and provision of services which hampered the economic growth and productivity. Several taxes have been levied by the state and central governments. After having a series of piecemeal improvements in the old systems of indirect taxation in India, like introduction of MODVAT in the year of 1986, CENVAT in 2000, System of VAT in Service Tax in 2002, Integrating Goods and Services at union level for interchangeability of credit introduced in 2004, introduction of VAT on State level in 2005, India needed an integration of the entire tax base from the side of goods and services all across India with a view to secure an unified national market with single national tax which could drive the socio-economic growth of India in the twenty first century. This policy objective necessitated not just an overhaul of the old taxation system, but to have in place altogether a new transformatory tax framework that could unify the assortment of indirect taxes of the old system and could thereby provide a comprehensive tax base for both levels of Government i.e. State government and the Union Government. India had it in the form of the new unified tax namely Goods and Services Tax (GST in short) along with the entire set of techno-legal framework of GST. Thus, Goods and Services Tax (GST) was the much-needed reformatory change to eradicate the multiplicity of taxes and cut down the taxpayer's burden of tax compliance which could render Indian products and services qualitative and competitive in the global market. This study is aimed at examining the current challenges and future prospects of GST In the context of the Indian economy. It is possible to analyse the success of any program or social scheme by looking at the way it transformed the welfare and lifestyle of people and how much it reduced the inequality in society, and how important a role has it played in the growth of the country. The policymakers have pondered a range of taxation models to deal with the previous challenges that country has faced over the past decades. The advent of GST in India has been the result of an extensive discussion and due deliberation at both States and the Centre level, and the nation nourishes huge expectations from it that it would drive the inclusive growth of India, and would ensure an overall welfare of the people of India. In its journey so far, the GST implementation has witnessed a lot of turbulence and challenges, and has, on occasions, faced severe criticism for its perceived complexity and half-backed implementation. The initial years of GST implementation have also witnessed huge misuse of the GST system at the hands of the fraudsters resulting in huge loss of the Government revenue. This paper is a theoretical attempt to understand the framework of GST and its future prospects in India. GST in one form or the other, has been adopted by around 160 countries across the globe, France being the first to have adopted it way back in the year of 1954. India is a democratic country with federal polity, where a dual model of GST was implemented as CGST component levied by the central government and SGST component levied by the respective state government. This paper explains the concepts of GST and its origin. It also explores the challenges in its implementation and future prospects.*

**Keywords:** GST, Goods and Services Tax, taxation system of India, indirect tax system, Indian economy, GST framework

### 1. Introduction

GST is a well-planned taxation system brought in after the 101st Amendment of the Constitution to club most of the previous taxes in a universal taxation system. At the central level, the taxes which were subsumed into GST include Service Tax, Excise Duty (Central Excise + Addl. Excise Duty), Customs Duty, Countervailing Tax, etc. At the State Level, there are Octroi, Entry Tax, Entertainment Tax, Sales Tax, Luxury Tax, Purchase Tax, and Taxes on Betting, Lottery, and Gambling. GST was implemented in July 2017 as a game changer for the economy of India by winning over the distortionary features of the old tax

system and by bringing in an entirely new IT driven comprehensive indirect taxation system which is capable enough to meet the socio-economic challenges of India in the modern world. GST has a great impact on virtually every business process, i.e. from the manufacturing process to supply chain management with tax compliance and IT accounting systems. GST also tracks transactions through Digital GST framework "GSTN" which serves as a barrier against Black Money. GST came as a new era to India's indirect taxation system. It has transformed the whole country into an integrated market. The motto of this tax system is "One Nation One Tax". It is a consumption

and destination-based tax imposed over the supply of services and goods to the consumer from the manufacturer. It is a destination-based consumption tax whereby ultimate consumption of the goods or services is taxed, and not the businesses at the intermediate stages of the supply chain. The intermediate stages of Business to business supplies are only pass through stages for the tax as the tax paid by the seller is allowed as credit / set off to the immediate purchaser, who, in turn, further supplies in the value chain. Accordingly the tax incidence does not stick to such intermediate businesses, but is eventually borne by the end consumer who is situated at the destination of the supply chain. Hence, only the GST charged by the retailer or last dealer is borne by the end consumer.

### 1.1 Background

In the year of 2004, Dr. Vijay Kelkar, the then taxation advisor to the Finance Ministry in India, headed a Task Force to propose a comprehensive GST framework to deal with several complications and issues in the then operative taxation system of India. He is well regarded as the architect of GST in India (Vaidya, 2017). In a budget speech in FY 2006-07, GST was proposed to be introduced at national level by April 2010. After several discussions and efforts, the “101<sup>st</sup> Constitutional (Amendment) Act, 2016” was passed and enacted by Lok Sabha on August 3, 2016 and Rajya Sabha on August 8, 2016 after the introduction of “122<sup>nd</sup> Constitutional (Amendment) Bill for GST” into parliament. On September 8, 2016, it was approved by the Hon’ble President of India. It was finally introduced in India in July 2017 and commenced its journey.

The GST was mainly introduced to India considering the cascading effect in the previous taxation system in India. Around 17 indirect taxes are subsumed within GST levied by state and central governments. Further, contemplating this new tax system to be fully driven by the information technology, a special purpose vehicle (SPV) in the form of a company namely GSTN was created which provided a robust IT backbone for GST compliance which was to entail massive transactions being operational on the dedicated

GST portal designed by GSTN. The businesses too, were required to align their accounting system, business patterns etc in synchronisation with the design of the GST portal and compliance requirements of the GST law. Since the design of the GST To provide There have been drastic ramifications of such digitalization of tax for taxpayers. According to EY (2017), taxpayers were required to examine–

- Their preparedness
- Their company’s plans
- Their digital needs
- Data submissions
- Data integrity and quality
- Authority inquiries, and
- Their improvements and sustainability

### 1.2 Literature Reviews

Reddappa & Nagaraju (2021) compared GST in the UK, India, China, and South Africa. The tax structure was associated with entertainment, food services, personal care, transportation, finance and banking, communication, automobile, healthcare, and electronics. It is observed that the tax rate was lower in the UK for all the factors and higher rate of GST was levied in India than South Africa.

Singh & Jaiswal (2021) discussed the prospects and challenges of GST after its implementation in India and got the basic idea of the difference between GST in India versus GST or VAT operative in other countries of the world. The researchers clarified the issues of application of GST in India and highlighted the lessons to be learnt about policy reforms. It has been harder to manage business due to the pandemic, while the government has been dealing with issues of Indian taxpayers. The expectation and reality of GST in “ease of doing business”, “tax structure” and “overall price reduction” still have a gap in between. They discuss the major issues in GST and its effects on the Indian economy.

Deshmukh et al (2021) applied the “Situation-Actor-Process (SAP); (Learning-Action-Performance (LAP)-framework for Twitter analytics to study the implementation of GST in India. They have found significant rise in collection of revenue vis-à-vis tax base.

However, some efforts need to be made to improve slanted base for taxpayers, low ratio of “tax-to-GDP”, prevent tax evasion, and negative perception of stakeholders towards GST (according to sentiment analysis in Twitter). The “Aatmanirbhar Bharat” movement, Make in India, ease of doing business, etc. are some other merits in the economy for MSMEs and consumers.

Manjunath (2021) discussed the impact of GST on the FMCG industry in India. The “Fast-Moving Consumer Goods (FMCG)” is one of the major contributors for India by paying both indirect and direct taxes. FMCG is a major player when looking into the contribution to GDP. GST subsumed the majority of indirect taxes in India and might have a great impact on FMCG companies.

Government first plans to spend the money and makes strategies to increase revenues as part of any budget. There is no straight relation between the revenue policies and expenditures of the government. It is no exception in the case of the tourism sector. There is a rare link between government expenditures and taxation on the tourism industry. Hence, Perween & Hajam (2021) studied the expenditures and taxation on the Indian tourism sector. This study especially sheds light on various tax rates and government spending.

Being the fastest-growing country, India suffers from tax evasion in major areas. E-Way Bill is another digital reform as part of GST in India. It could definitely have a great impact on the economy as GST and “Goods and Services Tax Network (GSTN)” have been more transparent and digital than before. They provide different benefits to the businesses and protect the government's interest. Alam (2021) studied the concept of e-way bill in India and the major purpose behind such a move and the way it would change the logistics sector of India. The author focuses on the e-way bill system in the state of Uttar Pradesh. Its mechanism is a great step from the government for interstate and intrastate transportation of goods, while avoiding tax evasion. It ensures transparency in transportation of goods and changes country's image by changing the methods of validating and verification of transactions. By eliminating human intervention, it eradicates corruption. E-way

bills can restructure the whole logistics sector and revolutionise the transportation of goods all over India with proper implementation.

### 1.3 Research Gap

A majority of the previous studies have been done before the implementation of GST in India. Further, even after its advent the GST in India is constantly evolving with a huge influx of regular changes both in law and the electronic functionalities on the GST portal. Therefore, even the few studies of the post-GST era do not encompass the latest status of the GST in action as on date. Hence, this study fills this gap and explores the features of GST, existing challenges in its way, and its future prospects in India.

### 1.4 Research Question

- What are the features and current working of GST in India?
- What are the major challenges and prospects of GST in India?

### 1.5 Research Objectives

- To understand the framework of digitalization under GST in India
- To identify challenges and future prospects of GST in India

### 1.6 Scope of the study

GST has brought uniformity in taxes after implementation and has also removed a number of shortcomings in the previous taxation system. This paper highlights the framework of GST and existing challenges and prospects in India.

## 2. Research Methodology

This study is conceptual and exploratory in nature and understands the framework and concept of GST on the basis of previous studies, journal, magazines, news articles, discussion papers, books, reports, etc. It also includes a huge range of academic studies on GST. This study is an attempt to determine the future prospects and challenges of GST in India using secondary sources.

### 3. Analysis of Study

#### 3.1. What are the features and current working of GST in India?

Shri Atal Bihari Vajpayee formed a committee in 2000 to draft the GST bill. Then, the UPA government brought the GST bill to parliament in 2011 in Lok Sabha. The NDA Government made several changes and introduced the bill again. After a lot of deliberation, the GST Act was finally enacted in 2017 after having been passed by both the houses. Here are some of the important features of GST in India –

- **Unified Indirect Tax** – The government has brought GST as a unified and single tax system. It has subsumed an assortment of indirect taxes levied by the centre and state government, such as Customs Duty, VAT, Service Tax, etc. This change has made not just tax compliance easier, but also has mitigated the cascading effect of taxes, and has thereby helped businesses to provide a lot of goods and services at competitive and affordable cost.

- **Seamless flow of Input Tax Credit** – It is one of the most vital features of GST in India. If a supplier of goods or services has already paid input tax charged from him on his purchases or procurement, it will be deducted from his overall liability for output tax. GST being a tax on value addition at every stage of the supply chain, ensures that tax paid at every stage is available as input tax credit at the next stage, so that the supplier at every stage happens to pay tax only on the value addition and not on the entire value of the product or the services concerned. It helps in removing the cascading effect i.e. “tax paid on the tax element already embedded in the value”. This system provides some sort of self policing in as much as every supplier follows up with his vendor and ensures that the vendor pays the applicable tax so that the supplier can get credit for it and reduce his output tax liability to the extent of such credit availed. This way, the system also helps avoid tax evasion.

- **4-tier tax slab** – There are majorly four tax slabs under GST, i.e., 5%, 12%, 18%, and 28%. This tax structure is applicable to all goods and services available in India. These rates have been worked out as Revenue neutral

rates (RNR) which means that they are expected to fetch nearly the same amount of revenue to the Government as the government used to earn with the pre-GST rates on any particular item or group of items. Less number of tax rate slabs, rational fitment of various goods and services into them, and higher transparency are some of the major benefits of this structure.

- **GST Composition Scheme for small businesses**– With annual turnover up to Rs. 1.50 crore (Rs. 1 crore upto 31.03.2019; and lower limit for some low-economy states) , SMEs engaged in supplying goods can also apply for GST composition scheme voluntarily. They can pay 1% as fixed GST on their turnover as per this scheme. But they cannot use the benefits of input tax credit if they avail this scheme. They need to choose between whether they go for input tax credit or composition scheme. There is a composition scheme for small service providers too, as per which small service providers having aggregate annual turnover upto Rs. 50 lakhs in preceding financial year can opt to pay the fixed rate of GST at 6% ( i.e. 3% CGST + 3% SGST) on their turnover, without availing input tax credit facility on their procurements.

There are many other derivative benefits of the GST viz. its fully IT based compliance, dedicated GSTN portal, Unified and Standardised business processes for the whole of India, Full Transparency in processes, and many more. GST with all these welcome features together has come as a game-changer for the economy. Though it still needs to go a long run, consumers, government, and industries have already started getting benefits of the new GST regime which might extend further in a few years to come (Aditya Birla, 2020).

#### 3.2. What are the major challenges and prospects of GST in India?

Since independence, the GST has emerged as one of the revolutionary tax reforms in the country. GST was well-regarded as 360° tax reform since its launch in 2017, as it has completely changed the taxation landscape of India by overcoming the complexities in the previous tax structure like multiplicity of taxes, tax laws, and in turn, multiple tax procedures,

complexity in tax compliances, and high tax rates. The GST has brought evolution of technology and transparency in the world of automation. The government has made constant efforts to streamline the business processes, and GST is still in the process of evolution with regular improvements, amendments, and changes that are desirable in all aspects, such as refunds, returns, input tax credit, and others.

The government has initially roped in a lot of major changes in the law to make it rationalised and to relieve the taxpayers. The government has made only ad-hoc changes in the initial years after the advent of GST. Both state and central governments should understand the need to streamline procedures, compliances, and law to make GST reform really effective. The GSTN still needs to improve its compliance. Considering the need for change, the GSTN is still looking forward to automating returns and can achieve the ability to match invoices with the perspective of credit. It is one of the important causes behind fake invoices and credit frauds across the nation.

In addition, a lot of interpretations are conservative that are given by government officials in context of GST laws and revenue, which caused a lot of litigation. This number will just rise up when authorities conduct assessments of GST in a few years to come. This augmentation of litigations was definitely not wanted by lawmakers under GST with the implementation of GST in the year 2017. A lot of actions are still needed in the aspects of technology to be done to implement full automation of the system.

The most anticipated feature of “invoice matching” is still missing. In addition, availability of the input tax credit to the supplier has been made dependent on the requisite compliance by his vendor. The credit is available to him only if his vendor uploads his sales invoices on the GST portal and also pays tax payable on such supplies declared to have been made by him. This being so, the supplier has to lose the credit if his vendor collects the GST element from the supplier but does not remit it with the government’s exchequer. It is worthwhile to note that while the GST law expects a supplier to ensure due

payment of tax by his vendor, it does not provide any foolproof mechanism as to how a supplier can know whether his vendor has paid tax on his supplies (which are purchases of the supplier) or not. This is the most criticised aspect of the extant GST law in India. The GST era ever since its advent, has seen plethora of litigation on such a prescription by the GST law. This in effect tantamounts to punishing the supplier for the fault of his vendor. Due to this reason, taxpayers are on the losing side. They lose credit if vendors don’t make their part of compliance as prescribed under the GST law. In that case, even though the invoice is valid and the supplier taxpayer has paid the GST element along with the value of supply to the vendors, the supplier is deprived of his substantive right of input tax credit for no lapse on his part. Such lost credit ultimately becomes cost to the supplier and gets embedded in the price of the product making the product thereby costly and uncompetitive. This feature of the GST framework causes significant blockages of credit for taxpayers. They have to follow-up several vendors, which results in increased cost of compliance. The litigations on this count will continue to mount and this will potentially be the biggest challenge before the GST law to do justice with the bonafide purchasers in the entire supply chain.

Further, an increased compliance burden is yet another issue which poses a challenge before the GST to come up with such a level of automation and interoperability of data that the multiple and complex returns under the GST laws are auto drafted with the auto populated data from the basic transactional details once fed into the system. Data population from e-invoice to e-way bill; then from e-way bill to GSTR-1, then to GSTR-2A of the next supplier are the apparent steps towards the goal of automation. However, level of automation is still far behind the desired one. To improve on this count will be a way forward for the GST in the days to come. A complete automation and the quality of the data at the source will be the key to the simplicity of the compliance as also to the safeguard measures against the menace of tax frauds, which the country has been witnessing for quite some time and which has a potential to derail the growth engine of the

GST framework. Since a lot of evasion is based on “Business to Consumer (B2C) invoices”, which in turn causes credit frauds and fake invoices, it is vital to create the due mechanism for reporting and tracking such invoices. GSTN must be seamless and fully functional for matching invoices. In addition, laws should be simplified with uniform e-invoicing for every taxpayer.

On the compliance front on the portal, the taxpayers have been facing many such restrictions imposed by the portal functionalities which do not have any backing of statutory provisions. On occasions the portal does not support what is permissible in GST law, and on many other occasions it imposes restrictions over and above the law. This situation of technological transgression needs to be improved upon rapidly. It is also important to streamline legal processes along with compliances. Though centralised registration is a far-fetched dream, centralised audit or assessment is the need of the hour as taxpayers at present have to be audited by several central and state GST formations because of their having GST registration in multiple states. The difference in legal interpretation culminates into a chain of prolonged litigation which is very tiresome, expensive and stands to be a wastage of time, energy and resources. Moreover, it adversely affects the vital element of any law i.e. “certainty of law”.

Apart from the challenges as discussed in the foregoing paras, the below enumerated aspects of the GST law or its compliance are also posing substantial challenges. Addressing them is crucial for the success of GST.

- GST returns are not revisable once they are submitted. This shortcoming is proving to be seminal for many of the further complications and harassment to the taxpayers. The income tax law is having a facility to file the revised return; it was also there in the erstwhile VAT law.
- Denying ITC to the taxpayer for non-payment of tax by his vendor is progressively causing the mounting dissatisfaction among the trade and business fraternity. It is now a challenge to the GST framework to provide a convenient and foolproof mechanism to the

taxpayers whereby they can know the status of tax payment or otherwise by their vendors. It needs to be appreciated that to collect tax from the defaulting vendor is the job and responsibility of the government and not of the bonafide purchaser.

- Schemes like ‘threshold exemption of 20 lakh / 40 lakh’, ‘composition scheme for goods or for services, or the scheme of ‘quarterly return with monthly tax payment’ meant for small businesses in the GST regime are inhibitive and illusionary in as much as the benefit of threshold exemption, as also the benefit under the composition scheme are lost with even a single supply made inter-state. Further, the composition scheme has been kept out of the credit chain because of which the purchaser from a composition payer does not get input tax credit (ITC); and therefore, no one in the business is inclined to purchase from such small businesses who opt for composition scheme. Furthermore, in the QRMP scheme (quarterly return monthly payment) the purchaser gets credit only after the quarter-end and not on a monthly basis. The IFF facility i.e. “Invoice Furnishing Facility” for passing credit on a monthly basis is very restrictive and limited, and is not available in respect of all the supplies made by the small taxpayers under QRMP scheme.

- Managing HSN i.e. deciding and mentioning exact classification is a big headache. Determining classification and HSN are very technical and complex matters. Same product is often classified by two suppliers differently. Mandatory mention of HSN in the electronic compliance is impractical. GST has this as a challenge to ease small businesses on this count.

- Rigidity of the GST portal is the biggest pain point for the taxpayers. The design of the portal does not accommodate for the human errors which are unavoidable. In all these initial years of GST implementation, tax payers have been made to run “from pillar to post” for some remedy and relief in the situations where they, by mistake, reported B2B transactions as B2C; or where they paid tax mentioning some incorrect GSTIN; or where they committed any of the many more like mistakes.

- Some provisions of GST are allegedly draconian. Minor discrepancies in the E-way bill are resulting into penalties in lakhs and crores even for bonafide mistakes. The reduced penalty of Rs. 500/- prescribed by the departmental Circular issued by the CBIC is proving an eye wash, as it encompasses not all, but very few of such mistakes. Preventive attachment of property, retrospective cancellation of registration, blocking ITC even on apprehension of non-compliances, blocking invoice-uploading and blocking e-way bill generation for not so serious contraventions, etc- all these provisions are causing great hardships to the taxpayers. Moreover, such unfettered powers to officials do have misuse potential too.

- The GST Tribunal is not yet in existence. In the absence of it, appeals to be filed are piling and causing huge capital blockage to the trade.

- Vague and ambiguous provisions of GST law have left the taxpayers in the lurch on many counts. Ever since the introduction of GST, the trade and businesses have been struggling for clarity on the issues as to whether free supply of promotional items or samples is taxable; whether food supplied to employees by factory-canteen is taxable supply in GST; whether reimbursement of expenses attract GST; and many more such unresolved issues puzzling the trade.

- The annual return in GSTR-9 has many issues and challenges. It does not provide for any tax calculation; Voluntarily paid tax through DRC-03 is not linked with the annual return.

- High rate of interest i.e. 18% / 24% for late payment of tax; while a very low interest rate of 6% for the delayed refund is frustrating. Often a taxpayer who wants to pay its tax dues is discouraged by the huge amount of interest accrued.

- It has been, and is going to be the toughest challenge before the GST Council to devise ways to compensate the huge deficit to the States and to maintain the regular cycle of compensation to them. The scenario on this count has been bitter in taste in the GST regime so far. This has a potential to adversely impact

the spirit of co-operative federalism in the country.

- Onerous reporting requirements (on the portal) places a huge compliance burden (specially on SMEs) which is proving to be a 'bane' for the smooth implementation and stabilisation of the GST framework. Multiple and complicated returns, cumbersome return-filing process, ill conceived statutory requirements that often reflect a revenue bias and rigid attitude, an ill prepared GSTN portal- all such aspects continue to present tough challenges in the way of the 'present' and 'future' of GST in India.

### **Future prospects of GST in India –**

Despite all the cited complexities and ill-preparedness of the GST portal, the fact remains that GST is the 'present' and 'future' of India. It is contemplated as the growth engine for the economy of India in the twenty-first century. Taxation system in any country is adopted for ages to come, and it does not build overnight. In fact a foolproof tax system is something that evolves over a period of time, and while evolving it constantly has its objectives and ideals in focus. It holds the key for the cherished future.

Here are some future prospects of GST in India:-

- Tax credit is highly promising to the manufacturers as they can get rid of tax burden to foster their growth with more productions. If the areas which are presently outside the ambit of GST are also encompassed within the ambit and a seamless flow of credit is ensured across the entire value chain, then the GST will stand even closure to the ideal VAT principle with even lesser amount of cascading effect.

- Taxation has been made easier with the introduction of GST. It keeps the end-consumer updated about the amount of tax being charged. Consumers' faith has also been increased for India's tax structure. With regular improvements with the passage of time, the GST in India will evolve into a trustworthy taxation system with stability in the GST law and transparency in its business processes and compliance thereof. After having attained full automation, and sufficiently increased level of auto-population of data and interoperability of

data, the GST compliance will turn gradually simpler. With all round improvements the entire GST framework will soon stabilise; and then its efficiency will be visible in the overall growth of the Indian economy and in the increased per capita income in India.

- No entry tax is levied for goods sold or manufactured in any state of the country as per the GST structure. Hence, goods and services can be delivered easily between two or more states without any toll plazas or check posts. In addition, transporters don't have to bear the cost of warehousing or preservation of perishable goods. It could significantly reduce the logistics expenses of bulk items to around 20% for the manufacturer, according to CRISIL. It can also improve ecommerce across India. With constant changes in law and portal functionalities, the GST framework as a whole is progressively making itself foolproof. In future, the distribution pattern of the businesses will be changed; warehousing will be further consolidated; non-tariff barriers will be removed to a further extent; cost of production will further go down; productivity will further increase, and the government revenue will even higher in the years to come.

- In GST structure, the system of tax credit might encourage manufacturers to procure raw materials from various registered dealers and bring up more suppliers and vendors onboard in the horizon of taxation. This way the tax base will further go up in the years to come.

- With reduced cascading and overlapping taxation achieved by way of subsuming an assortment of taxes, the GST will progressively ensure price competitiveness of Indian products and services in the international market. The increased export and the foreign reserves built thereby will be shaping the economic health of the country like never before. The dream of a 'five trillion economy' will then come true in the near future.

- The ever improving automation and integration of tax bases will transform India into one unified market with single tax and possibly single tax rate in the near future. The

integration of goods and services on a national level will go a long way to check tax evasion.

#### 4. Results

In GST registration is state specific and PAN based. A taxpayer will be having multiple GSTINs against the same PAN in respect of its multiple branches in more than one state. For each GSTIN, filing multiple returns is a very costly and tedious affair. Every return may not comply with the resource requirements. It is important to make the process easier. To make employees fully capable of managing the new tax regime, proper training is required. This way, conferences and workshops can add up the knowledge regarding GST. A huge volume of data should be matched between the receiver and supplier for the concept of input tax credit (Sahoo, 2020).

Before the advent of GST, India had an age-old taxation system which was designed within the constitutional constraint of 'separation of legislative powers' made at Article 246 read with the seventh schedule of the Constitution of India. This concept in fact had originated from the Government of India Act, 1935, and therefore was not proving able to take good care of the socio-economic concerns of India of the 21st Century. Accordingly, a VAT based comprehensive tax like GST was a crying need for India. After having a long drawn preparatory exercises, India finalised the dual GST model for it as an unitary model of GST was not possible to achieve within the limitations of federal polity of India. A part of the complexities of the GST law and the functionalities on the GST portal is attributable to this dual component model (CGST + SGST) of GST in India. Further, challenges were added due to a hundred percent electronic compliance on the dedicated GST portal which was not fully ready with all its functionalities working after their beta testing had been done properly. Thirdly, the GST kept on experimenting through piecemeal changes and improvements particularly in respect of the design of the GST returns, processing of refunds, ensuring transaction level matching and like processes. This in the initial years of GST proved like "**building the bridge while walking on the bridge**". The GST design that was initially envisaged could not be achieved



in totality, and the piecemeal patchwork in the name of improvements gave us a complex design of GST to move on with. All these factors translated into critical challenges in the way forward of GST in India.

However, in spite of all the existing challenges one thing is clear that the nation is not going to roll back from GST, nor should it do so. With its all inclusive transparent and efficient features the GST has a potential and accordingly the responsibility to drive the businesses and in turn, the economy of India in this 21st Century world. No other model could have been more suitable for India today. As regards the existing complexities of its provisions and the misuse potential of the present model of GST, India can improve upon them through constant and considered evolution of it. The government should explore the roadmap and changes for smooth and flawless functioning of the GST framework and provide ease of doing business for India. It is vital that a 5-year and 2-year roadmap should be created for GST. GST has a great potential to make India a great service and industrial hub for the world and this opportunity should be tapped.

Over the years the GST system has substantially evolved. It is the right time to add more sectors to GST to enhance the tax base. It is very important to look for the actual credit chain with an ad-hoc system of controlling credit needs and tax rates. It is also important to rationalise the tax rates and converge the same to 2-rate structure. It is the right time to bring “ease of doing business” to India to contribute to the GST's share to the growth of GDP of the country.

## 5. Conclusion

GST has been one of the greatest indirect tax reforms in India after independence. It's been around four years since GST was implemented in the country. Almost all indirect taxes have been subsumed by GST and the nation has been unified under one tax structure. It has minimised the tax burden for citizens and fundamental products have been made a lot cheaper than before. So, the poor section of society can easily access them. Resources must be sustained for next generations to ensure sustainable development of the country, so that existing needs can be met for the development of citizens. Free flow of services and goods and lessening tax multiplicity are some of the benefits of GST. All of these benefits play a vital role in sustainable growth of India.

In the days to come, we may see some significant impact of inflation on some sectors like real estate, telecom, road and air transport, and construction. The cost of services would also rise up. GST, still being in its evolution phase may have some challenges while operating on a huge business population in a vast country like India which is characterised by its all round diversities, be it in the arena of education, e-literacy, internet penetration, geography, distribution of resources, adequacy of infrastructure, deep routed traditional and conventional business patterns, or in any other sphere of socio-economic life of the nation. Nevertheless, the benefits of GST far outweigh the temporarily existing ill-consequences. Compared with the negatives of the pre-GST era taxation system, it is worth ignoring a few of the disadvantages of the present system of GST because it would surely benefit the economy in the long run.

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