OVERVIEW OF GST AND ITS IMPACT ON INDIAN STOCK MARKET: AN EVENT STUDY

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ABSTRACT

The Goods and Services Tax (GST) was implemented in India on 1 July 2017. It was the biggest indirect tax reform in India since Independence. It is a destination-based tax levied on the goods and services consumed that was proposed by the government in 2000 in order to avoid the shortfalls of having multiple indirect taxes. The present study seeks to provide a theoretical overview of GST with regard to its features, its comparison with Value Added Tax (VAT), that is, how GST is an improvement over VAT, and finally the advantages of GST over the earlier tax regime. This study further analyses the impact of GST on the Indian stock market. NIFTY sectoral indices have been considered to study the impact of GST on the stock market. The Event Study methodology has been adopted for the analysis. The results show that all the sectoral indices were affected due to the implementation of GST.

KEYWORDS

Goods and Services Tax; Indirect Taxes; Event Study; NIFTY sectoral indices; India

INTRODUCTION

A tax (from the Latin *taxo*) is a mandatory financial charge imposed on a taxpayer (an individual or a legal entity) by a governmental organization in order to fund various public expenditures. There are two broad types of taxes: direct and indirect. Direct taxes are levied at the point where taxpayers receive income and indirect taxes are levied on the consumption of goods or services. Indirect taxes are collected by the government from manufacturers and intermediaries, the eventual burden of which falls on the ultimate consumer. Prior to the introduction of Goods and Services Tax (GST) in India, there were many types of indirect taxes such as Value Added Tax (VAT), Central Sales Tax (CST), Excise Duty, Customs Duty, and Entertainment Tax and so on. This tax scenario had many shortfalls. First, the indirect taxes had a cascading effect of tax on tax. It means, as there were many different types of taxes, input tax credit was not available from one type of tax to another. Second, the taxpayers had to cope up with multiple registrations due to the presence of multiple taxes. Third, there was no uniformity in the tax rates and provisions between the various indirect taxes. Besides these, there were many other limitations of the indirect tax scenario in India prior to the implementation of GST. To avoid these shortfalls, Government of India proposed the GST in 2000. The GST Bill was passed on 3 August 2016 and it was finally implemented on 1 July 2017, within the stipulated time frame of one year given in the Bill.

GST has been touted as one of the most crucial tax reforms in India, considered as the biggest since Independence, which had been pending for a long time. It was supposed to be implemented from April 2010, but due to conflicting interests of various stakeholders and political issues, it got delayed till 30 June 2017. First introduced in France in 1954, as many as 140 countries have implemented GST in some form or other. While most of the countries follow unified GST, some countries like Brazil and Canada follow a dual GST system where tax is imposed by both state and central governments. India has also adopted the concept of dual GST.

The GST is a comprehensive tax system that subsumes all indirect taxes of state and Central governments and is likely to unify the economy into a seamless market. It is projected to change the whole scenario of indirect tax system in India by unifying all indirect taxes under one umbrella and thus creating a smooth national market. GST renders numerous benefits to different parties such as business and industry, Central and state governments and the ultimate consumers. For business and industry, it enables easy compliance, uniformity of tax rates and structures, removal of cascading effect of tax, improved competitiveness and gain to manufacturers and exporters. For Central and state governments, it provides simple and easy administration, better controls on leakage and higher revenue efficiency. Finally, consumers get single and transparent tax proportionate to the value of goods and services and are relieved from a complex system of taxpaying.

Review of Literature

Kumar (2017) conducted a study on a total respondents of 115, out of which 11 were CAs and 104 were taxpayers, examined the teething troubles faced by tax payers, charted accountants and senior tax practitioners. The period of study was July–October 2017. The data was collected from the respondents via a structured questionnaire and SPSS was used for the statistical analysis. The statistical techniques used were correlation and ANOVA. Suggestions made by the respondents were also taken into consideration. The results of the study showed that there was lack of awareness about GST in the public.

Murugaiyan, Jeyanthi and Siddharth (2017) gave an overview about the new GST Bill in India. The study also investigated level of awareness in the public about GST and provided some suggestions based on the findings. The study was conducted on only 40 respondents, out of which almost 80% did not have any idea about the proposed tax rates in GST, while 60% disagreed that GST would reduce the tax burden and only 32.5% believed that the prices of goods would reduce after implementing GST. The study suggested that the government should increase awareness about GST among illiterate people, women and business people via short films.

Dani (2016) tried to understand how the proposed GST regime might hamper the growth and development of the country. The study showed that the dual GST in India would lead to political as well as economic issues, because its implementation would require coordination among the 29 states and the 7 Union Territories, while the states would have minimum say in rate determination. The study also highlighted that the GST rates are also much higher than the pre-GST tax rates. Finally, the study opined that the GST structure is likely to succeed only if the country has a strong IT structure, and India being a budding state as far as internet connectivity is concerned, it is unlikely to achieve much success. The study concludes that GST will be able to simplify the existing indirect tax regime only if there is a clear consensus over issues such as threshold limit, revenue rate and inclusion of items such as petroleum products, electricity, liquor and real estate in the GST structure.

Ahmad, Ismail and Halim (2016) carried out a study about the level of awareness and confusion among taxpayers with regard to the GST system and their perception about it in Malaysia. The study collected primary data through questionnaire from around 256 respondents who were civil servants in the area of Kuala Kangsar, Perak. The results showed that the level of awareness was moderate and the majority of the respondents had negative perception about GST. The statistical technique used was ANOVA.

Gupta(2014) studied the concept of GST and examined the shortcomings of the pre-GST taxation system to understand how GST would work in India. The study further examined the benefits of GST over the previous taxation system in India. The study used the secondary data collected from various books, journals, government reports and publications, and concluded that the implementation of the GST would lead to many commercial benefits that could not be achieved by the VAT system and, thus, would increase the pace of economic development.

Joseph and Kanakavalli (2017) conducted a study on the socio-economic background of consumers to understand the level of awareness about GST and its major applicable rates among consumers. The study further provided consolidated suggestions with regard to GST put forward by consumers. The study used both primary and secondary data. Primary data was collected through a survey among 50 respondents via questionnaire and the secondary data was collected from the Internet to understand the benefits of GST. The study concluded that 94% of the respondents were aware of GST implementation and only 40.4% were aware of the various categories of rates applicable under GST.

Kour, Chaudhary, Singh and Kaur (2016) examined the impact that GST would have after its implementation. The study showed the gaps between the pre-GST indirect taxes and GST and highlighted the possible challenges that GST would face after its implementations. The study concluded that GST would reduce the present tax burden and there wouldbe no distinction between imported and Indian goods as both would be taxed at the same rate. GST would thusplay a dynamic role in the growth and development of our country.

Jain (2013) attempted to explore the impact, implications and policies with regard to the introduction of GST in India. The study gave brief information about the origins of GST, its background in India, the need for GST in India, the comparison between the pre-GST rates and the GST rates, and the benefits of GST to industry and agriculture, exporters, small traders and common consumers. The study concluded that though some effects of GST are short-term, there are long-term issues that can impact the business scenario.

Shaik, Sameera and Firoz (2015) ventured to unveil and understand how the concept of GST would work in India. They tried to understand the advantages and challenges of GST in the context of India and also its impact on the Indian economy. The study used extensive secondary data collected from various books, national and international journals, government reports and various other publications.

Sakharam Mujalde (2017) studied the features of GST, the impact of GST on the Indian economy, and the advantages and challenges of GST. Secondary data were used for this study, which were sourced from journals and the internet, focusing on various aspects of GST. The study concluded that a move to GST would be beneficial to the economy on several counts, as it would help in removing economic distortions caused by the pre-GST complex tax structure and would lead to the development of a common nation market.

Agarwal(2017) conducted a study on the people's perception regarding GST on a sample size of 200 respondents inform the Agra region. Judgment sampling was used, in which only those having some knowledge of GST were chosen. The mean and one-sample *t*-test were used for data analysis. The results showed that GST was perceived as a very good tax reform for India and people believed that GST would relieve the tax burden on common man as well as businessmen. People also confirmed that GST would initially increase inflation in the country but in the long run, would be beneficial. The study also highlighted that for the common people, it was difficult to grasp the aspects associated with GST was difficult to understand which contributed to negative perceptions about it. The study further opined that although GST would enhance tax collections by the government, small businesses would be affected very badly by its implementation.

Lourdunathan and Xavier (2017) conducted a study on the implementation of GST in India. It especially looked into its prospects and challenges as well as inexplicit opinions among manufactures, traders and society about it. The study concluded that GST would create a 'One Nation and One Tax' market and provide relief to producers and consumers through wide and comprehensive coverage of input tax credit set-off, service tax set off and by subsuming several other taxes. Efficient formulation of GST would lead to resource and revenue gain for both the Centre and the states, majorly through widening of tax base and improvement in tax compliance which will have a positive impact on various sectors and industry.

Shailesh and Taruna (2016) studied the impact of GST on Indian economy. The study concluded that GST is not simply VAT plus service tax, but a major improvement over the previous system of VAT and disjointed services tax and is a justified step forward. It is also expected that implementation of GST in the Indian framework would lead to commercial benefits which could not be achieved by the VAT system and would essentially bring economic development.

Kankipati (2017) studied the journey of GST and its structural impact on the growth of GDP in India. The study concluded that GST in India would make the country industry friendly by implementing one type of tax which would attract more investments, including from foreign investors. The study also posited that implementation of the dual model of GST would result in generating more employment opportunities.

GST is a destination-based tax levied on goods and services consumed. It is based on the concept of 'One Nation One Tax' for manufacturing, trading and services. It was first recommended by Dr Vijay Kelkar (Kelkar Committee) in the year 2004. The then Finance Minister, P. Chidambaram, announced for the introduction of GST in his Budget speech in 2006. After various amendments in the Constitution, finally on 1 July 2017, GST implemented in India, thus bringing a major reform in its indirect tax structure. The present study seeks to provide a theoretical overview of GST by highlighting its features, its differences with VAT, especially how it is an improvement over VAT, and finally its advantages over the previous tax structure.

Although both GST and VAT are based on the same concept, GST is not simply VAT with service tax but a major improvement over previous system of VAT and the disjointed service tax .Under the VAT system, sale of goods was considered to be a taxable event but it was not applicable for the sale of services. Instead, an additional service tax of 15% was levied wherever applicable. Under GST, supply of goods and services becomes a taxable event and the rates depend on the nature of goods and services supplied. Under the VAT system, there were different laws for different states. The total amount of taxes collected as VAT was kept by the state where the tax was collected. Under GST, taxes are collected as CGST and SGST, and are then bifurcated between the state and the Centre. The input tax credit for VAT was available only for goods. The taxpayer had to deposit the net tax liability (i.e., Input VAT–Output VAT). On the other hand, in GST, the input tax credit is available for both goods and services. The input tax credit can be used for payment of the next GST liability. Similarly, there was no seamless flow of the input tax credit under the VAT system. Excise became a cost to the dealer as the input tax credit was available only for VAT. This, at times, led to double taxation. Under GST, this limitation of VAT has been removed, thereby bringing a seamless flow of input tax credit. There is a lot of reduction in paperwork under GST as it is fully online and a technologically advanced tax regime. Under VAT, online mode of payment was not compulsory. Most of the operations were done offline, which involved a lot of paperwork. On the other hand, under GST, if the amount payable exceeds Rs. 10,000/-, it is mandatory to be paid online.

GST takes into account the value additions at each stage of the supply chain. It provides a comprehensive and continuous chain of set-off benefits from the manufacturer or the service provider to the final retailer, such that only the final consumer bears the burden of tax. Based on the place of supply of goods and services, the GST is classified as Central Goods and Service Tax (CGST), State/Union Territory Goods and Service Tax (SGST/UTGST) and Integrated Goods and Service Tax (IGST).

CGST is levied by the Central government on intra-state supply of goods and services, and is governed by the Central Goods and Service Tax Act 2017. On the same intra-state supply of goods and services, SGST is also levied by the state government, which is governed by the State Goods and Service Tax Act 2017.Both central and state governments combine their levies with an appropriate proportion for revenue sharing on the intra-state supply of goods and services. Each state has its respective SGST Acts. Those Union Territories which do not have their own legislature (i.e., except Puducherry and Delhi) come under the Union Territory Goods and Service Tax (UTGST) Act 2017. UTGST, similar to SGST, is levied on intra-state supply of goods and services, but in the union territories only. IGST is governed by the IGST Act 2017. Both exports and Imports from and to India come under the purview of IGST. However, exports are zero-rated. IGST is levied by the Central government on both inter-state transactions as well as international transactions.

MATERIALS AND METHODS

The present study attempts to study the impact of GST implementation on the returns of NIFTY sectoral indices. An event study was conducted to determine the impact of the implementation of GST as per the methodology discussed here. The event study methodology helps in investigating the effect of an event on a dependent variable. Stock prices of a company is the most commonly used dependent variable in an event study. For the purpose of the study, a sample of NIFTY sectoral indices has been taken into consideration.

This study is based on secondary sources and the data have been collected from various websites. The daily closing stock price of sectors and industry index of NSE were collected. Data were collected for stocks closing price from Bloomberg database and NSE website. The study was conducted for a period of two months starting from 1 June 2017 to 31 July 2017. The estimation period was180 days prior to implementation of GTS, starting from September 2016 to May 2017. The variables used are NIFTY sectoral indices. For the purpose of calculating normal returns, the prices of NIFTY-50 stock index is taken as the benchmark.

Event study can be defined as 'a study of the changes in stock price beyond expectation (abnormal returns) over a period of time (event window)'. In other words, the event methodology helps to determine whether there is any abnormal stock price effect due to an event. The basic assumption of event study is that the markets are efficient and the stock prices of a company reflect the effects of the event immediately. In other words, the market processes the information about the event in an efficient and unbiased manner. This helps in identifying the economic impact of the event on stock price. The event study methodology follows a series of steps. They are as follows:

STEP 1: Event definition. The first step in the event study methodology is defining the event. For the purpose of the study, the event selected was the GST implementation day, that is, 1 July 2017.

STEP 2: Identification of estimation and test periods. To understand the impact of the event on stock prices of NIFTY sectoral indices, we have taken two event windows as test periods, namely pre-event and post-event windows. The pre-event window is studied with respect to T-20 days, T-10 days and T-5 days. The post-event window is studied with respect to T+20 days, T+10 days and T+5 days. In order to calculate the normal returns ,the estimation period is taken to be 180 days prior to the test period, starting from 9 September 2016 to 1 June 2017.

STEP 3: Estimation of parameters using the data collected in estimation window. The next step is to calculate the important parameters which are required to estimate the expected returns or the normal returns during the event period. The parameters are $\boldsymbol{\alpha}$ (y-intercept)which refers to the risk-free rate of return and $\boldsymbol{\beta}$ (slope) which refers to the systematic risk.

STEP 4: Normal and abnormal return measurement. The next step is to calculate the normal and abnormal returns. In order to calculate normal returns, the returns on NIFTY 50 are taken as the market return.

Thus, the normal returns are calculated by using the following formula,

$$\mathbf{E(R_s) = \alpha + \beta^*(R_m)}$$

In the above formula, $\boldsymbol{E(R_s)}$ represents the expected normal returns on stock, $\boldsymbol{R_m}$ represents the market returns, $\boldsymbol{\alpha}$ represents the intercept, that is, the risk-free rate and $\boldsymbol{\beta}$ represents the slope coefficient, that is, the systematic risk.

Thus, after estimating the expected normal returns, we calculate the abnormal returns. In order to get the abnormal returns, we deduct normal returns from the actual returns.

$$\mathbf{AR_s = R_s - E(R_s)}$$

In the above formula, $\boldsymbol{R_s}$ is the actual return on the respective NIFTY sectoral indices and $\boldsymbol{E(R_s)}$ is the expected return on the respective NIFTY sectoral indices. It estimates the abnormal returns on each day in the event window.

From these daily abnormal returns, we compute the cumulative abnormal return (CAR) values in test period. These values are then tested for further analysis to identify the impact of the event on stock prices.

Analysis and Interpretation

In order to assess the effect of implementation of GST on the prices, the following hypothesis is tested by using *t*-values at 1%, 5% and 10% levels of significance:

H_0 (null hypothesis): There is no significant impact of the implementation of GST on the prices of NIFTY sectoral indices. (CAR=0)

H_1 (alternative hypothesis): There is a significant impact of the implementation of GST on the prices of NIFTY sectoral indices. (CAR≠0)

Below are the results showing cumulative abnormal returns during pre-implementation and post-implementation periods, derived for each NIFTY sectoral indices as a result of implementation of GST.

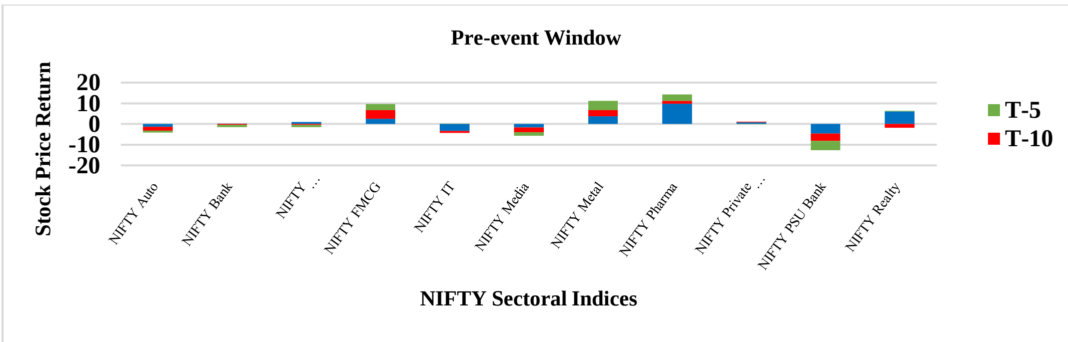

Figure 1. Pre-implementation Period Cumulative Abnormal Returns

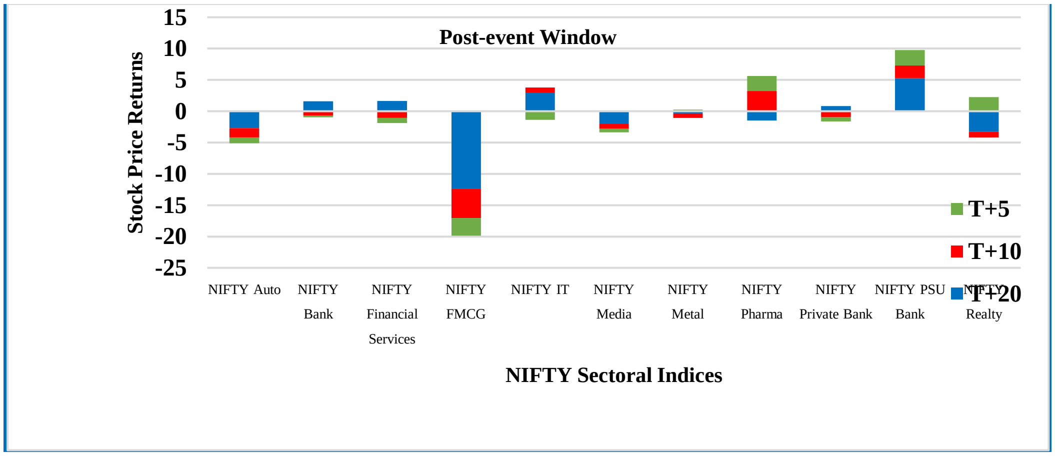

Figure 2. Post-implementation Period Cumulative Abnormal Returns

Table 3.1. Percentage Cumulative Abnormal Returns of NIFTY Sectoral Indices over the Different Event Windows

Sr. No	Particulars	Pre-event Window			Post-event Window		
		T-20	T-10	T-5	T+20	T+10	T+5
1	**NIFTY Auto**	–1.406***	–1.731***	–0.974***	–2.7264***	–1.4543***	–0.9378***
2	**NIFTY Bank**	0.1346	–0.376***	–1.071***	1.6018***	–0.6904***	–0.281***
3	**NIFTY Financial Services**	0.9055***	–0.409***	–1.156***	1.6583***	–1.0488***	–0.8173***
4	**NIFTY FMCG**	2.5558***	4.0768***	3.0711***	–12.429***	–4.6332***	–2.8084***
5	**NIFTY IT**	–3.408***	–0.856***	0.1974	2.9263***	0.8386***	–1.3951***
6	**NIFTY Media**	–1.659***	–2.255***	–1.731***	–2.0388***	–0.751***	–0.5583**
7	**NIFTY Metal**	3.7599***	2.952***	4.4333***	–0.3516**	–0.726***	0.24657**
8	**NIFTY Pharma**	9.7668***	1.3447***	3.2103***	–1.5001***	3.23772***	2.39403***
9	**NIFTY Private Bank**	0.8673***	0.2842*	–0.156***	0.8018***	–0.9787***	–0.6401***
10	**NIFTY PSU Bank**	–4.596***	–3.518***	–4.488***	5.2700***	2.04811***	2.4323***
11	**NIFTY Realty**	6.1194***	–1.8***	0.2271	–3.2598***	–0.9327*	2.24007***

RESULTS

NIFTY Auto From the above results, it can be seen that the p-value is significant for all the event windows at 1% level of significance. Thus, we reject the null hypothesis and that there is a significant impact of implementation of GST on the stock prices of NIFTY Auto Index for all event windows.

NIFTY Bank From the above results, it is observed that the p-value of t-statistic is highly significant for all event windows except T-20 at 1% level of significance. Thus, we reject the null hypothesis and conclude that there is a significant impact of implementation of GST on the stock price of NIFTY Bank Index for T+20, T+10, T+5, T-10 and T-5 event windows. But there is no significant impact of implementation of GST on the stock prices of NIFTY Bank Index for the T-20 event window as we fail to reject the null hypothesis at 1% level of significance.

NIFTY Financial Services From the above results, we can see that the p-value of t-statistic is highly significant for all the event windows at 1% level of significance. Thus, we reject the null hypothesis and conclude that there is a significant impact of implementation of GST on the stock prices of NIFTY Financial Services Index for all event windows.

NIFTY FMCG From the above results, we can see that the p-value of t-statistic is highly significant for all the event windows at 1% level of significance. Thus, we reject the null hypothesis and conclude that there is a significant impact of implementation of GST on the stock prices of NIFTY FMCG Index for all event windows.

NIFTY IT From the above results, we can see that the p-value of t-statistic is highly significant for T+20, T+10, T+5, T-20 and T-10 event windows at 1% level of significance. Thus, we reject the null hypothesis and conclude that there is a significant impact of implementation of GST on the stock prices of NIFTY IT Index for T+20, T+10, T+5, T-20 and T-10event windows. On the other hand, there is no significant impact of implementation of GST on the stock prices of NIFTY IT Index for the T-5 event window as we fail to reject the null hypothesis at 1% level of significance.

NIFTY Media From the above results, we can see that the p-value of t-statistic is highly significant for all the event windows at 1% level of significance except T+5 event window which is significant at 5%. Thus, we reject the null hypothesis and conclude that there is a significant impact of implementation of GST on the stock prices of NIFTY Media Index.

NIFTY Metal From the above results, we can see that the p-value of t-statistic is highly significant for all the event windows at 1% level of significance except T+20 and T+5 event windows which are significant at 5%. Thus, we reject the null hypothesis and conclude that there is a significant impact of implementation of GST on the stock prices of NIFTY Metal Index.

NIFTY Pharma From the above results, we can see that the p-value of t-statistic is highly significant for all the event windows at 1% level of significance. Thus, we reject the null hypothesis and conclude that there is a significant impact of implementation of GST on the stock prices of NIFTY Pharma Index for all event windows.

NIFTY Private Sector Bank From the above results, we can see that the p-value of t-statistic is highly significant for all the event windows at 1% level of significance except T-10 event window which is significant at 10% level of significance. Thus, we reject the null hypothesis and conclude that there is a significant impact of implementation of GST on the stock prices of NIFTY Private Sector Bank Index for all event windows.

NIFTY PSU Bank From the above results, we can see that the p-value of t-statistic is highly significant for all event windows at 1% level of significance. Thus, we reject the null hypothesis and conclude that there is a significant impact of implementation of GST on the stock price of NIFTY PSU Bank Index for both event windows.

NIFTY Realty From the above results, we can see that the p-value of t-statistic is highly significant for T+20, T+5, T-20 and T-10event windows at 1% level of significance and for T+10 event window at 10% level of significance. Thus, we reject the null hypothesis and conclude that there is a significant impact of implementation of GST on the stock prices of NIFTY Realty Index for T+20, T+10, T+5, T-20 and T-10 event windows. On the other hand, there is no significant impact of implementation of GST on the stock prices of NIFTY Realty Index for the T-5 event window as we fail to reject the null hypothesis at 1% level of significance.

DISCUSSION

The CARs are negative and statistically significant across both the event windows for NIFTY Auto and NIFTY Media. This shows that overall the market of auto sector and media sector had negative expectations about the implementation of GST. Prior to GST implementation, the CARs for NIFTY PSU Bank across pre-event windows were statistically significant and negative. This shows the markets had negative sentiments regarding GST implementation. However, these negative CARs improved to positive CARs across the post-event windows, showing optimistic perceptions of market. Prior to GST implementation, the CARs for NIFTY FMCG across pre-event windows were statistically significant and positive. This shows the markets had positive sentiments regarding GST implementation. However, these positive CARs declined to negative CARs across the post-event windows, showing pessimistic perceptions of market.

Out of 11 indices, the highest negative CARs during the short-term, medium-term as well as the longer-term event windows in the pre-implementation appeared in the case of NIFTY PSU Bank. These returns were statistically significant at 10%, 5% and 1% levels of significance. It indicates that PSU bank sector had overall a negative perception about the market in the pre-implementation period. Out of 11 indices, the highest negative CARs during the short-term, medium-term as well as the longer-term event windows in the post-implementation appeared in the case of NIFTY FMCG. These returns were statistically significant at 10%, 5% and 1% levels of significance. It indicates that FMCG sector had overall a negative perception about the market in the post-implementation period.

It is the shortest event window depicting the immediate effect of the event on the returns. It is observed that out of 11 sectoral indices 9 have statistically significant CAR values in the pre-period, that is, T-5. The highest negative CAR value is –4.488% of NIFTY PSU Bank, whereas the highest positive CAR value is 4.4333% of NIFTY Metal. In the post-period, that is, T+5, it is observed that all CAR values are statistically significant. The highest negative CAR value is –2.8084% of NIFTY FMCG, whereas the highest positive CAR value is 2.4323% of NIFTY PSU Bank.

This is the mediu- term event window depicting the medium term effect of the event on the returns. It is observed that all CAR values are statistically significant in the pre-period, that is, T-10. The highest negative CAR value is –3.518% of NIFTY PSU Bank, whereas the highest positive CAR value is 4.0768% of NIFTY FMCG. In the post-period, that is, T+10, it is observed that all CAR values are statistically significant. The highest negative CAR value is –4.6332% of NIFTY FMCG, whereas the highest positive CAR value is 3.2377% of NIFTY Pharma.

This is the longest event window depicting the long-term effect of the event on the returns. It is observed that out of 11 sectoral indices 10 have statistically significant CAR values in the pre-period, that is, T-20. The highest negative CAR value is –4.596% of NIFTY PSU Bank, whereas the highest positive CAR value is 9.7668% of NIFTY Pharma. In the post-period, that is, T+20, it is observed that all CAR values are statistically significant. The highest negative CAR value is –12.429% of NIFTY FMCG, whereas the highest positive CAR value is 5.2700% of NIFTY PSU Bank.

CONCLUSION:

GST has been introduced with a motive to aid the development of the Indian economy. Overall all the sectoral indices were affected due to the implementation of GST. NIFTY Auto and NIFTY Media had negative expectations from GST. This can be due to the reason that both sectors were going to fall in higher tax brackets. NIFTY PSU Bank had the highest negative expectations in the pre-implementation period. But after the implementation the expectations changed to positive. Although the rates on banking service were increased from that in the earlier tax regime, demonetization and government’s boost regarding move towards cashless economy has served to create positive impact on banking sectors post GST also. NIFTY FMCG had positive expectations prior to GST, but the expectations mutated to the highest negative in the post-implementation period as rates for so many basic consumables fell in higher tax bracket under GST regime.

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