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Evaluating public perception of tax reforms and their impact on economic growth: A survey study in India

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Abstract
This study evaluates public perception of tax reforms in India, with a focus on the Goods and Services Tax (GST) and direct tax reforms, and their perceived impact on economic growth. A survey was conducted among 1,500 respondents from five Indian states-Maharashtra, Tamil Nadu, West Bengal, Gujarat, and Uttar Pradesh-using stratified random sampling. The study assessed awareness, fairness, and the perceived economic impacts of tax reforms on businesses, employment, and consumption behavior. The analysis, conducted using SPSS, revealed that 90% of respondents were aware of GST, while awareness of direct tax reforms was lower at 72%. The fairness of GST was perceived positively by 52% of respondents, while direct tax reforms were considered fair by only 47%. A majority of business owners (60%) reported that GST had a positive impact on their operations, though smaller enterprises faced more compliance challenges. The study also found significant correlations between demographic factors such as income and education levels and perceptions of tax reform fairness. The findings suggest that public perception plays a crucial role in the success of tax reforms, influencing compliance and their overall effectiveness. Policymakers must improve communication and simplify tax reforms, particularly direct taxes, to enhance public engagement and ensure equitable economic growth.

Keywords: Tax reforms, GST, direct tax reforms, economic growth, public perception, India

1. Introduction

Tax reforms are a critical component of a country's fiscal strategy, aimed at ensuring efficient revenue collection, equitable distribution of resources, and economic growth. Globally, tax reforms have been pivotal in addressing inefficiencies in tax systems and in aligning with changing economic environments (Sethi, Mohanty, Sucharita & Loganathan, 2020) [10]. India's tax system has undergone multiple reforms to simplify tax structures, enhance compliance, and support broader economic goals, such as increasing the tax-to-GDP ratio (Kanungo, 2019) [4]. In recent years, India has implemented significant reforms, particularly with the introduction of the Goods and Services Tax (GST), which aimed at replacing the complex web of indirect taxes with a unified tax system (Joumard, Thomas & Morgavi, 2017) [3]. The objective of such reforms is not only to boost revenue collection but also to create a more transparent and business-friendly environment conducive to economic growth. India's fiscal landscape prior to the introduction of major tax reforms was characterized by a fragmented tax system, high marginal effective tax rates, and a heavy reliance on indirect taxes, which resulted in tax-induced distortions affecting private investment and economic growth (Poirson, 2006) [7]. For instance, high reliance on indirect taxes increased the cost of goods and services, leading to inflationary pressures and reduced consumption. Moreover, a significant portion of the population, particularly in the agricultural sector, remained outside the tax net, contributing to a low tax base (Rao & Kumar, 2018) [9]. These structural inefficiencies necessitated reforms to not only expand the tax base but also ensure that tax policies were aligned with the broader goal of fostering economic development. The implementation of the GST in 2017 marked a turning point in India's tax policy. It replaced numerous indirect taxes levied by both the central and state governments with a single tax applicable on the supply of goods and services (Rahman, 2020). This reform was expected to enhance economic growth by eliminating the cascading effect of taxes, promoting competitiveness, and fostering a unified national market (Peter, Kerr & Thorpe, 2002) [6].

However, despite these intended benefits, the public perception of GST remains mixed. While some view it as a necessary step toward creating a more efficient tax system, others believe that its implementation has been marred by complexities and compliance challenges, particularly for small businesses and traders (Das, 2022) [1]. Public perception plays a crucial role in the success of such reforms, as compliance and enforcement depend significantly on how the reforms are perceived by taxpayers.

Tax reforms in India have not been limited to indirect taxes alone. Direct taxes, particularly the reforms under the Direct Tax Code (DTC), have also aimed at simplifying tax laws, increasing transparency, and reducing litigation (Purohit & Purohit, 2014) [8]. These reforms were expected to address concerns related to tax evasion and widen the tax base by bringing more taxpayers into the fold. However, the direct tax reforms have also faced challenges, including the inability to effectively tax certain sectors, such as agriculture and services, which continue to remain largely untaxed (Kanungo, 2019) [4]. Furthermore, high direct tax rates have been criticized for discouraging private capital formation, which is essential for economic growth (Rani, 2014). The impact of these reforms on economic growth remains a subject of debate, with some studies suggesting that the reduction in tax rates has led to an increase in revenue collection and growth (Sethi et al., 2020) [10].

Economic growth, as a fundamental goal of tax reforms, is often measured through indicators such as GDP growth, investment rates, and employment generation. In India, tax reforms have been implemented with the aim of improving the country's fiscal health and creating an environment conducive to investment (Joumard et al., 2017) [3]. However, the extent to which these reforms have succeeded in achieving these goals remains contentious. For instance, the tax-to-GDP ratio, a key indicator of fiscal performance, has remained relatively low, hovering around 11-12% in recent years, despite the introduction of major reforms (Kanungo, 2019) [4]. This suggests that while tax reforms have made the system more transparent and business-friendly, they have not yet fully translated into increased revenue mobilization or sustained economic growth.

Public perception of tax reforms is a critical factor in their success or failure. Taxpayers' willingness to comply with new tax laws depends largely on their perceptions of fairness, transparency, and the effectiveness of the reforms in promoting economic growth (Kakkar & Pande, 2015). In the case of GST, for example, while it was designed to create a more unified and efficient tax system, many small businesses and traders have expressed concerns about the complexities of compliance, particularly with regard to the filing of multiple returns and the reconciliation of input tax credits (Dixit, 2018) [2]. These concerns have led to calls for further simplification of the GST framework and the introduction of measures to ease the compliance burden on small businesses.

The introduction of tax reforms is often driven by the need to address fiscal imbalances and promote long-term economic development. In India, the fiscal deficit has been a major concern, with the government consistently spending more than it earns. Tax reforms, particularly those aimed at increasing revenue collection, are seen as a means of addressing this deficit and creating the fiscal space necessary for investment in critical infrastructure and human development (Rao & Kumar, 2018) [9]. However, the success of these reforms depends not only on their design and implementation but also on public perception and compliance. As such, understanding how different segments of the population perceive tax reforms is essential for evaluating their overall effectiveness and impact on economic growth.

In conclusion, tax reforms in India, particularly those related to the GST and direct taxes, have been implemented with the dual goals of improving revenue collection and fostering economic growth. While these reforms have made significant strides in simplifying the tax system and promoting transparency, their success has been tempered by public perceptions of complexity and compliance challenges (Rani, 2014). Furthermore, the impact of these reforms on economic growth remains mixed, with some studies suggesting positive outcomes, while others point to ongoing challenges in increasing the tax-to-GDP ratio and reducing tax-induced distortions (Poirson, 2006) [7]. As India continues to implement tax reforms, understanding public perception will be critical to ensuring their success and realizing the broader economic goals of sustained growth and development.

2. Literature Review

The relationship between tax reforms and economic growth has been a widely researched topic, particularly in the context of developing economies like India. Several studies have explored the impact of tax reforms, including both direct and indirect taxes, on the economic landscape, emphasizing the need for a more structured and efficient tax system to foster sustainable growth.

A significant body of literature focuses on the introduction of the Goods and Services Tax (GST) in India and its potential impact on economic growth. Sethi et al. (2020) [10] conducted an analysis of the long-term relationship between tax reforms and economic growth in India from 1975 to 2017. Their study, using cointegration and causality techniques, found a stable long-run relationship between tax reforms and economic growth. However, it did not identify any short-term relationship, suggesting that while tax reforms contribute to long-term growth, immediate impacts might not be apparent. This insight points toward the importance of designing tax reforms that are sustainable in the long run while also addressing short-term fiscal concerns (Sethi et al., 2020) [10].

In addition to GST, direct tax reforms have also been the subject of extensive research. Purohit & Purohit (2014) [8] examined the impact of tax reforms on India’s tax-GDP ratio, highlighting the challenges of broadening the tax base in a country with a large informal economy. Their study emphasized that sectors such as agriculture and services, which remain largely untaxed, present significant hurdles to increasing tax revenue. They discussed the introduction of the Direct Tax Code (DTC) as a significant step towards simplifying and rationalizing tax laws, which would potentially enhance India’s global competitiveness. However, they also pointed out that the effective implementation of such reforms remains crucial for achieving the desired economic outcomes (Purohit & Purohit, 2014) [8].

Another critical analysis of tax reforms in India is provided by Rao and Kumar (2018) [9], who focused on the need for reforms aimed at improving revenue productivity to support accelerated economic growth. Their research stressed that while reforms such as GST and DTC have been implemented, their success in achieving fiscal consolidation and resource allocation depends on how these reforms are perceived and adopted by the public and businesses. The study concluded that for tax reforms to be truly effective, they must not only increase revenue but also address broader socio-economic goals such as poverty reduction and infrastructure development (Rao & Kumar, 2018) [9].

In a similar vein, Kanungo (2019) [4] reviewed the journey of tax reforms in India, particularly after the liberalization period. Her empirical study examined the effectiveness of tax reforms in enhancing India's tax to GDP ratio, which has remained relatively low compared to other developing economies. Kanungo argued that tax reforms, while well-intentioned, have struggled to achieve the desired level of fiscal consolidation due to issues such as non-compliance and tax evasion. This study provided valuable insights into the challenges faced by policymakers in implementing reforms that balance economic growth with fiscal discipline (Kanungo, 2019) [4].

Poirson (2006) [7] also contributed to the discourse by analyzing the impact of India's tax system on private investment and economic growth. His study highlighted that high marginal effective tax rates, combined with a reliance on indirect taxes, create distortions in the economy that negatively impact private investment. Poirson proposed reforms aimed at improving tax productivity and reducing these distortions, suggesting that a more balanced approach to taxation-one that combines both direct and indirect taxes-could spur economic growth. However, his findings also indicated that such reforms must be carefully designed to support firms that rely on internal financing, which are particularly vulnerable to changes in tax policy (Poirson, 2006) [7].

Additionally, Peter, Kerr, and Thorpe (2002) [6] discussed the evolution of India's tax policy and its implications for economic growth. Their study indicated that the reduction in direct tax rates led to an increase in revenue collection and economic growth. However, they also found that higher direct tax ratios were negatively correlated with private capital formation, suggesting that while lower tax rates can stimulate growth in the short term, they may have unintended consequences on long-term investment behavior. This highlights the complex relationship between tax policy and economic growth, and the need for a more nuanced approach to tax reform (Peter et al., 2002) [6].

Finally, Mukherjee and Rao (2019) [5] explored the implementation of GST as a significant indirect tax reform. Their research emphasized the cooperation between the central and state governments in the design and implementation of GST, which was seen as crucial for its success. The study also highlighted that while GST aimed to simplify the tax structure, its implementation has faced significant challenges, particularly regarding compliance and enforcement. The authors suggested that continuous efforts are needed to refine the GST framework to ensure it delivers on its promise of fostering economic growth by creating a more competitive business environment (Mukherjee & Rao, 2019) [5].

Together, these studies provide a comprehensive overview of the impact of tax reforms on economic growth in India. They highlight the complexity of designing and implementing tax reforms that balance short-term fiscal needs with long-term growth objectives. Moreover, they underscore the importance of public perception and compliance in ensuring the success of tax reforms. The findings of these studies are crucial for understanding the broader implications of tax reforms on India's economic development and for identifying areas where further reforms are needed to achieve sustained growth.

While substantial research has been conducted on the impact of tax reforms in India, there remains a gap in understanding the public perception of these reforms and how this perception influences their effectiveness. Many of the existing studies focus on the technical aspects of tax reforms, such as revenue generation and fiscal consolidation, without considering how the public views these changes. This study aims to fill this gap by evaluating public perception of tax reforms, particularly the GST and direct tax reforms, and assessing their impact on economic growth. Understanding public sentiment is crucial for the successful implementation of reforms, as it affects compliance and enforcement. Addressing this gap will provide policymakers with insights into how tax reforms are perceived by different segments of the population, which can inform future policy decisions aimed at improving both public acceptance and economic outcomes.

3. Research Methodology

3.1 Research Design

This study employed a survey-based research design to evaluate public perception of tax reforms, particularly focusing on the Goods and Services Tax (GST) and direct tax reforms, and their perceived impact on economic growth. A quantitative approach was chosen to collect data from a representative sample of individuals from different socio-economic backgrounds across five Indian states: Maharashtra, Tamil Nadu, West Bengal, Gujarat, and Uttar Pradesh. These states were selected due to their economic diversity, varying levels of tax compliance, and distinct business environments, ensuring a comprehensive understanding of public sentiment towards tax reforms.

The primary objective of the study was to assess the perceived fairness, effectiveness, and challenges associated with recent tax reforms, as well as their impact on business activities, consumption behavior, and overall economic growth. The survey method was selected due to its suitability for capturing a wide range of opinions and ensuring a large sample size, which provides statistical reliability and validity to the results.

3.2 Data Collection

The data was collected using a structured questionnaire distributed both in person and online to participants. The survey targeted a sample size of 1,500 respondents from five states, equally distributed across the selected regions. The respondents were chosen using stratified random sampling to ensure the representation of various demographic groups, including different income levels, occupations (business owners, salaried individuals, professionals, etc.), and educational backgrounds.

The survey included 30 questions divided into four key sections:

1. Demographic information (age, gender, income level, occupation, education).
2. Awareness and understanding of tax reforms, particularly the GST and direct tax reforms.
3. Perception of the fairness and effectiveness of the tax

reforms.

4. Perception of the economic impact of the reforms, including business activities, employment, and consumption.

Table 1: The table below provides a detailed breakdown of the data collection process.

Source of Data	Details
Survey Method	Structured questionnaire, administered online and in person
Sampling Technique	Stratified random sampling
Sample Size	1,500 respondents
States Surveyed	Maharashtra, Tamil Nadu, West Bengal, Gujarat, Uttar Pradesh
Target Population	General public, including business owners, salaried individuals, and professionals
Data Collection Period	January 2023 – April 2023

The survey was conducted over a period of four months, from January 2023 to April 2023, ensuring ample time to gather responses and account for any logistical challenges during the data collection process. Both online and in-person methods were used to reach a wider population, particularly those who may not have access to the internet.

3.3 Data Analysis
For data analysis, the responses collected from the survey were processed using SPSS (Statistical Package for the Social Sciences). This software was chosen for its robust capabilities in handling large datasets and performing detailed statistical analysis, including frequency distribution, correlation, and regression analysis.
The main focus of the analysis was to:

- Identify trends in public perception of tax reforms across different demographic groups.
- Assess the correlation between demographic factors (Such as income level and occupation) and perception of tax fairness and effectiveness.
- Evaluate the perceived impact of tax reforms on economic activities, such as business operations, consumption, and employment.

The statistical methods applied were

1. **Descriptive Statistics:** To summarize and describe the characteristics of the collected data, such as mean, median, mode, and standard deviation of the responses.
2. **Correlation Analysis:** To examine the relationship between demographic variables (such as income, education level) and respondents' perceptions of the tax reforms.
3. **Regression Analysis:** To identify whether there were any statistically significant predictors of public perception towards the effectiveness of tax reforms on economic growth.

The results from these analyses provided insights into how different segments of the population perceived the tax reforms and their subsequent impact on economic activities. The findings also allowed for comparisons between the five surveyed states, revealing any regional differences in public sentiment toward tax reforms. This data was crucial in addressing the research objectives and offering recommendations for improving public perception and compliance with future tax reforms.
By applying these methods, this study ensured the reliability of the collected data and provided a comprehensive analysis of public perception regarding tax reforms in India.

3.4 Scope and Limitations
The scope of this study was limited to five states in India, which, while economically diverse, may not fully represent the perception of tax reforms across the entire country. The survey relied on self-reported data, which could be influenced by respondents' understanding and experiences with tax reforms, potentially introducing bias. Additionally, the study was limited to the period of data collection, and public perception may shift over time as more individuals adjust to the implemented reforms. However, the study's findings remain significant for informing policymakers and improving future tax policies.

4. Results and Analysis
This section presents the findings from the survey, which aimed to assess public perception of tax reforms, particularly the Goods and Services Tax (GST) and direct tax reforms, and their perceived impact on economic growth. The analysis was conducted using SPSS to ensure statistical accuracy, and the results are organized into tables based on the key research questions outlined in the methodology. Each table is followed by a detailed interpretation and discussion of the findings.

Table 1: Demographic Breakdown of Respondents

Demographic Category	Frequency (n=1500)	Percentage (%)
Gender		
Male	870	58%
Female	630	42%
Age Group		
18-29	450	30%
30-49	720	48%
50 and above	330	22%
Occupation		
Business Owners	300	20%
Salaried Employees	780	52%
Professionals	420	28%
Income Level (Annual)		
Below ₹3,00,000	480	32%
₹3,00,000-₹6,00,000	600	40%
Above ₹6,00,000	420	28%

Interpretation: The survey data indicates a balanced distribution across gender, age, and occupation, ensuring that the sample is representative of various socio-economic groups. The largest age group was between 30 and 49 years, accounting for 48% of the sample. The majority of respondents (52%) were salaried employees, while business owners and professionals made up the remaining 48%. Income-wise, 40% of respondents earned between ₹3, 00, 000 and ₹6,00,000 annually, reflecting a broad middle-income segment. These demographic details set the context for analyzing public perception of tax reforms.

Table 2: Awareness of Tax Reforms (GST and Direct Tax Reforms)

Awareness Level	Frequency	Percentage (%)
Aware of GST	1,350	90%
Aware of Direct Tax Reforms	1,080	72%
Unaware of GST	150	10%
Unaware of Direct Tax Reforms	420	28%

Interpretation: The vast majority of respondents (90%) were aware of GST, reflecting the widespread publicity and impact of this reform. In contrast, awareness of direct tax reforms was lower, with only 72% of respondents indicating they were familiar with recent changes. This suggests that while indirect tax reforms like GST have gained significant public attention, there is still a need for increased awareness and education about direct tax reforms to ensure broader public engagement.

Table 3: Perception of Fairness of Tax Reforms

Perception of Fairness	GST (n=1350)	Direct Tax Reforms (n=1080)
Fair	700	510
Somewhat Fair	420	330
Unfair	230	240

Interpretation: Regarding GST, 52% of respondents perceived the reform as fair, while 31% found it somewhat fair, and 17% considered it unfair. For direct tax reforms, perceptions were slightly more negative, with 47% finding them fair and 22% deeming them unfair.

This indicates that while GST is generally viewed positively, direct tax reforms may require further refinement or communication to improve public perception of their fairness.

Table 4: Perceived Impact of GST on Business Activities

Impact on Business	Frequency (n=300)	Percentage (%)
Positive Impact	180	60%
No Significant Impact	60	20%
Negative Impact	60	20%

Interpretation: Among business owners, 60% reported that GST had a positive impact on their operations, citing streamlined tax processes and reduced compliance burden. However, 20% stated that GST had a negative impact, particularly due to challenges related to the initial transition period and difficulties with input tax credit reconciliation. The remaining 20% observed no significant changes. These mixed reactions reflect the diverse nature of businesses and their varying capacities to adapt to GST reforms.

Table 5: Perceived Impact of Tax Reforms on Employment

Impact on Employment	Frequency (n=1500)	Percentage (%)
Increased Job Opportunities	360	24%
No Significant Change	870	58%
Decreased Job Opportunities	270	18%

Interpretation: Only 24% of respondents believed that tax reforms, including GST and direct tax changes, have led to increased job opportunities, while the majority (58%) reported no significant change.

However, 18% indicated a negative impact on employment, particularly in sectors that were more affected by compliance and reporting requirements under GST. This highlights the need for further analysis of how tax reforms influence labor markets and employment rates.

Table 6: Perceived Economic Impact of Tax Reforms (Business Owners)

Economic Impact	Positive	Neutral	Negative
Business Operations (n=300)	180	60	60
Consumption Behavior (n=1500)	600	660	240
Investment (n=1500)	450	780	270

Interpretation: Among business owners, 60% reported positive changes in business operations due to tax reforms, while 20% perceived no significant changes, and another 20% experienced negative impacts.

Regarding consumption behavior, 40% of the general population noticed an increase in consumption due to lowered tax burdens on goods and services, while 44% observed no significant impact. Investment was perceived to be positively affected by tax reforms by 30% of the respondents, indicating that more individuals are willing to invest in business activities under the reformed tax regime.

Table 7: Public Opinion on Future Tax Reforms

Future Reforms Suggested	Frequency (n=1500)	Percentage (%)
Simplification of GST	720	48%
Lowering of Direct Tax Rates	450	30%
No Further Reforms Needed	330	22%

Interpretation

A significant portion of respondents (48%) expressed a desire for further simplification of the GST system to make compliance easier for businesses and individuals alike.

Another 30% suggested lowering direct tax rates to alleviate the burden on taxpayers. Meanwhile, 22% believed that no further reforms were necessary, reflecting a segment of the population that is satisfied with the current tax structure.

4.1 Correlation Analysis

The following tables present the correlation between various demographic factors (such as income level and education) and respondents' perceptions of the fairness, effectiveness, and economic impact of tax reforms, specifically GST and direct tax reforms.

Table 8: Correlation between Income Level and Perception of Tax Fairness

Income Level (Annual)	Correlation Coefficient (r)	P-Value
Below ₹3,00,000	0.45	0.001**
₹3,00,000-₹6,00,000	0.52	0.002**
Above ₹6,00,000	0.67	0.001**

Interpretation

The correlation analysis indicates a statistically significant positive correlation between income levels and the perception of tax fairness.

Respondents with higher incomes tend to perceive tax reforms, particularly GST, as fairer compared to those with lower incomes. The correlation coefficients increase with income, suggesting that wealthier individuals and households are more favorable towards the reforms.

Table 9: Correlation between Education Level and Perception of Tax Effectiveness

Education Level	Correlation Coefficient (r)	P-Value
High School or Below	0.30	0.015*
Bachelor's Degree	0.40	0.008**
Graduate Degree or Higher	0.55	0.002**

Interpretation: Education level shows a positive correlation with perceptions of tax effectiveness. Respondents with higher educational qualifications, particularly those with graduate degrees, are more likely to perceive tax reforms as effective in promoting economic growth. The p-values indicate that the relationships are statistically significant.

Table 10: Correlation between Occupation and Perception of Business Impact of GST

Occupation	Correlation Coefficient (r)	P-Value
Business Owners	0.60	0.001**
Salaried Employees	0.35	0.010**
Professionals	0.50	0.005**

Interpretation: Business owners show the strongest positive correlation (r = 0.60) with the perception that GST positively impacts their operations, compared to salaried employees and professionals. This implies that business owners are more likely to experience benefits from the streamlined tax system under GST.

4.2 Regression Analysis
The following tables display the results of regression analysis to identify statistically significant predictors of public perception regarding the effectiveness of tax reforms on economic growth.

Table 11: Regression Analysis of Predictors of Perception of Tax Reform Fairness

Predictor Variables	Standardized Coefficient (β)	P-Value
Income Level	0.42	0.001**
Education Level	0.35	0.003**
Awareness of GST	0.50	0.001**
Awareness of Direct Tax Reforms	0.30	0.015*

Interpretation: The regression analysis shows that income level, education level, and awareness of tax reforms are statistically significant predictors of the perception of tax fairness. Income level has the strongest effect (β = 0.42), followed by awareness of GST (β = 0.50). This suggests that higher-income individuals and those more aware of GST reforms tend to perceive tax reforms as fairer.

Table 12: Regression Analysis of Predictors of Perception of Economic Growth Impact

Predictor Variables	Standardized Coefficient (β)	P-Value
Education Level	0.38	0.003**
Occupation	0.45	0.002**
Awareness of GST	0.55	0.001**
Income Level	0.30	0.012*

Interpretation: Education level, occupation, and awareness of GST emerge as the strongest predictors of public perception regarding the impact of tax reforms on economic growth. Awareness of GST had the highest coefficient (β = 0.55), indicating that individuals who are more knowledgeable about GST are more likely to perceive it as having a positive impact on the economy. Occupation also played a significant role, particularly for business owners and professionals.

Table 13: Regression Analysis of Predictors of Perception of Business Operations Impact (Business Owners Only)

Predictor Variables	Standardized Coefficient (β)	P-Value
Awareness of GST	0.60	0.001**
Education Level	0.40	0.004**
Business Size (SME vs Large)	0.45	0.010**

Interpretation: Among business owners, awareness of GST was the strongest predictor of positive perceptions of its impact on business operations (β = 0.60). Larger businesses were more likely to perceive GST as beneficial compared to small and medium-sized enterprises (SMEs). This suggests that while larger businesses may benefit more from streamlined tax processes, SMEs might experience more challenges with compliance.

5. Discussion
The results of this study provide critical insights into public perceptions of tax reforms in India, particularly focusing on the Goods and Services Tax (GST) and direct tax reforms. By evaluating respondents' awareness, fairness, and the perceived economic impact of these reforms, we can now examine how these findings align with or diverge from existing literature, and how they address the identified gap in understanding public perceptions of tax reforms and their influence on economic growth.

5.1 Awareness of Tax Reforms
As seen in Table 2, 90% of respondents were aware of GST, while awareness of direct tax reforms was lower, at 72%. This high level of awareness of GST aligns with Mukherjee and Rao (2019) [5], who discussed how the GST reform received widespread attention due to its large-scale implementation and significant impact on indirect taxation. The relatively lower awareness of direct tax reforms reflects Poirson (2006) [7], who highlighted that direct tax reforms, despite their importance, have often been less publicized or communicated compared to broader reforms like GST. This highlights a critical issue: while GST has been well-publicized, the public's understanding of other tax reforms lags behind. This underscores the need for better communication strategies to inform citizens of reforms that impact their direct tax obligations.
The lower awareness of direct tax reforms is significant in filling the gap identified in the literature: previous studies have focused on technical aspects of tax reforms without considering how well these reforms are communicated and perceived by the public. The findings of this study suggest that awareness campaigns need to be more inclusive of all tax reforms, not just GST, to improve public compliance and acceptance.

5.2 Perception of Fairness of Tax Reforms
In terms of fairness (Table 3), 52% of respondents perceived GST as fair, compared to 47% who believed direct tax reforms were fair. This slightly negative perception of direct tax fairness can be linked to Rao and Kumar (2018) [9], who

discussed the challenges in India's direct tax system, particularly regarding high marginal tax rates and their potential to create distortions in private investment. Our study expands on this by highlighting that these concerns over fairness are not just theoretical but are reflected in the public's opinions.

This finding also complements Kanungo (2019) [4], who suggested that while reforms aim to increase the tax-to-GDP ratio and improve fiscal consolidation, the perception of fairness remains a critical barrier to broader acceptance. The perceived fairness of tax reforms is important for public compliance, and this study highlights that public perception of fairness may significantly impact the effectiveness of tax policy. Addressing the fairness gap, especially in direct tax reforms, could enhance public trust and compliance, which are crucial for the long-term success of these reforms.

5.3 Perceived Impact on Business and Employment

The study found that 60% of business owners viewed GST as having a positive impact on their operations (Table 4). This finding supports Sethi et al. (2020) [10], who found that tax reforms in India have had a positive long-term impact on business efficiency, particularly through the simplification of the tax structure under GST. However, the 20% of business owners who experienced negative impacts highlight the challenges small and medium-sized enterprises (SMEs) face in adapting to the compliance requirements of the new tax system, as noted by Purohit and Purohit (2014) [8]. Moreover, the perceived impact of tax reforms on employment (Table 5) was mixed, with only 24% reporting increased job opportunities. This result may be explained by Peter, Kerr, and Thorpe (2002) [6], who found that while lower tax rates could stimulate economic activity in the short term, long-term impacts on employment remain uncertain. The finding that 18% of respondents observed a decrease in job opportunities suggests that tax reforms, particularly GST, may have created compliance burdens that negatively affect smaller businesses and employment in certain sectors.

This study contributes to the existing literature by providing concrete data on public perceptions of the employment impact of tax reforms. While previous research has primarily focused on macroeconomic indicators, such as GDP growth, our findings offer a more nuanced view by addressing the social implications of tax reforms, particularly in the labor market.

5.4 Correlation between Demographic Factors and Perceptions

The correlation analysis (Tables 8-10) revealed that higher income levels and education were positively correlated with favorable perceptions of tax reforms, especially GST. This confirms Poirson (2006) [7], who noted that wealthier individuals and larger firms benefit more from streamlined tax systems due to their better access to resources and expertise to manage compliance. Our findings extend this by showing that less educated and lower-income groups tend to perceive tax reforms as less fair and effective, highlighting a disparity in how different demographic groups experience tax reforms.

This demographic divide also emphasizes the gap identified in the literature: much of the previous research has focused on aggregate economic outcomes of tax reforms without delving into how these reforms affect different sections of the population. The findings of this study suggest that tax reforms may not have uniform effects across all demographic groups, with lower-income and less educated populations potentially bearing a disproportionate share of the compliance burden.

5.5 Regression Analysis of Predictors of Public Perception

The regression analysis (Tables 11-13) showed that awareness of GST and education level were the strongest predictors of positive perceptions regarding the fairness and economic impact of tax reforms. This aligns with Kanungo (2019) [4], who emphasized the importance of public awareness in driving the success of tax reforms. The strong correlation between awareness and positive perception highlights the critical role of education and information dissemination in shaping public opinion.

Our study also found that business size was a significant predictor of how positively GST was perceived, with larger businesses more likely to view it favorably. This finding complements Mukherjee and Rao (2019) [5], who discussed how GST reforms were more favorable to larger businesses due to their more streamlined compliance processes. SMEs, on the other hand, struggled more with the complexity of the reforms, which may explain the less favorable perceptions reported by smaller firms in our study.

5.6 Implications for Policymakers

The findings of this study have important implications for policymakers. First, the disparity in awareness between GST and direct tax reforms suggests that future reforms must be communicated more effectively. Increased efforts are needed to educate the public about direct tax changes to ensure broad-based compliance and acceptance. Second, the negative perceptions of fairness, especially among lower-income and less educated groups, indicate that future reforms should be designed with a focus on equity. Policymakers must ensure that tax policies do not disproportionately burden certain sections of the population, particularly those who are less equipped to manage compliance requirements.

Additionally, the mixed perceptions of the economic impact of tax reforms, particularly regarding employment, suggest that future reforms should be evaluated not just on their ability to increase revenue or reduce fiscal deficits but also on their broader social and economic impacts, including job creation and business sustainability. Tax reforms that foster an environment conducive to both economic growth and social equity are more likely to gain public acceptance and achieve long-term success. Finally, the study highlights the importance of ongoing evaluation and adaptation of tax reforms. Public perception is not static, and reforms that are initially perceived as burdensome may be viewed more favorably over time as individuals and businesses adjust. Continuous monitoring of public opinion, combined with policy adjustments, can help ensure that tax reforms meet their intended objectives while maintaining public trust.

5.7 Filling the Literature Gap

This study addresses the gap in the literature by providing empirical data on public perception of tax reforms and their impact on economic growth in India. Previous studies, such as those by Sethi et al. (2020) [10] and Poirson (2006) [7], focused on the technical and macroeconomic effects of tax reforms, leaving the public perception largely unexplored. Our findings reveal that public perception plays a crucial role in the success of tax reforms, influencing both compliance and the broader economic outcomes.

By incorporating public sentiment into the analysis, this study offers a more comprehensive understanding of the impact of tax reforms. It also provides actionable insights for policymakers, suggesting that future reforms must be designed and communicated in a way that takes into account the diverse experiences and challenges faced by different demographic groups. In doing so, this study contributes to the growing body of literature on tax policy and its implications for economic development, offering a framework for more inclusive and equitable tax reforms in the future.

6. Conclusion

The study aimed to evaluate public perception of tax reforms in India, focusing on the Goods and Services Tax (GST) and direct tax reforms, and their perceived impact on economic growth. The research highlighted several key findings. First, awareness of GST was significantly higher than awareness of direct tax reforms, with 90% of respondents aware of GST compared to 72% aware of direct tax reforms. This indicates that while indirect tax reforms like GST have gained substantial public attention, there remains a need for greater awareness and communication regarding direct tax reforms.

In terms of fairness, the perception of GST was generally positive, with 52% of respondents considering it fair. However, direct tax reforms received slightly lower approval, with only 47% of respondents finding them fair. This suggests that while tax reforms have been successful in simplifying the system and promoting compliance, there are lingering concerns about the equity of these reforms, particularly in relation to direct taxes. The perception of fairness was positively correlated with higher income and education levels, indicating that wealthier and more educated individuals are more likely to perceive tax reforms as fair.

The impact of tax reforms on business activities, particularly the effect of GST on business operations, was another critical finding. A majority (60%) of business owners reported that GST had a positive impact on their operations, highlighting the benefits of streamlined tax processes. However, a significant minority (20%) of business owners faced challenges, particularly small and medium-sized enterprises (SMEs), which struggled with compliance burdens. Similarly, the impact of tax reforms on employment was mixed, with 24% of respondents indicating that tax reforms had increased job opportunities, while 18% reported a negative impact. The correlation and regression analyses provided further insights into how demographic factors influenced perceptions of tax reforms. Higher income levels, greater educational attainment, and greater awareness of GST were strong predictors of positive perceptions of tax reform fairness and effectiveness. Business owners, particularly those from larger firms, were more likely to view GST as beneficial to their operations, while smaller businesses faced more challenges.

The broader implications of this research are significant for policymakers. The findings suggest that public perception plays a crucial role in the success of tax reforms, influencing compliance and the overall effectiveness of the reforms. To maximize the economic benefits of future tax reforms, policymakers need to ensure that reforms are not only technically sound but also perceived as fair and equitable by the public. Furthermore, improving awareness and communication, particularly regarding direct tax reforms, is essential to enhancing public engagement and compliance.

In conclusion, the study underscores the importance of understanding public sentiment when designing and implementing tax reforms. While reforms like GST have generally been well-received, direct tax reforms require further attention to ensure they are perceived as fair and effective. Policymakers should focus on simplifying the tax system, improving communication, and addressing the unique challenges faced by SMEs to ensure that tax reforms contribute to sustained economic growth and public trust in the tax system.

7. References

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