**Systems Thinking View on Impact of Single Common Tax on Warehousing Industries in India**

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**Abstract**

The logistics industry is a major support to the Indian economy as it contributes a lot to the GDP. The entire country depends upon logistics for all its needs, right from basic food supply to big manufacturing machinery. The logistics cost in India is higher than in many countries. One of the main reason behind this is that there are too many taxes such as excise duty, service tax, sales tax/VAT/CST, customs duty and entry/entertainment tax, etc. and numerous intra-state taxes which makes domestic production unfavorable option for manufacturers. In addition to this, any shipment that moves in different Indian states was taxed multiple times as per various geographical locations. To overcome all these issues, the Government of India introduced a single common tax, known as Goods and Service Tax (GST). GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. The GST is pegged to transform India into a single integrated market. The warehousing sector would be both an enabler and beneficiary of India’s biggest tax reform. Any positive changes in the warehousing and logistics will boost the global competitiveness of the country. The central region has the advantage to become the warehousing hub of the country because of its geographical location, proper road and railway networks that run both lengthwise and breadthwise, connecting the major metropolises due to the implementation of GST. This paper presents the system thinking view on the impact of GST on the warehousing sector from the location aspect. Systems thinking approach is applied and a causal loop diagram is developed by considering various issues and important variables to show how the implementation of single common tax has affected the warehousing sector. With the implementation of GST, the central region of India will have an upper hand as compared to other parts of the country from the warehousing point of view. The major variables that we have considered while making the causal loop diagram are cost uniformity, inventory management, logistical costs, operational efficiency, and many more. An example of the warehousing industry is presented to clear the system thinking view. The proposed system thinking will help for the further development of system dynamics model on the major decisions related to logistics and several other factors that affect the supply chain of warehousing industries.

**Keywords**  
Goods and Service Tax (GST), Warehousing, Single common tax, Central region, Causal loop diagram

**Biographies**

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