

GST Implementation in India: A Review of Its Economic and Business Impacts

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ABSTRACT

The implementation of the Goods and Services Tax (GST) in India on July 1, 2017, was a significant reform aimed at simplifying the country's complex tax system and creating a seamless national market. This paper provides a comprehensive review of the economic and business impacts of GST in India, with a focus on the period from 2017 to 2024. The analysis explores how GST has influenced key macroeconomic indicators, such as GDP growth, tax revenue, inflation, and the formalization of the economy. In addition, the paper examines its effects on various business sectors, including manufacturing, services, MSMEs, and e-commerce, and investigates the challenges faced by businesses in terms of tax compliance, operational adjustments, and supply chain dynamics. Through a mixed-methods approach that combines both qualitative analysis of policy documents and quantitative assessment of economic trends, the study highlights both the successes and ongoing challenges of GST implementation. While GST has contributed to increased transparency, broader tax compliance, and a more formal economy, issues like technological bottlenecks, complex tax rates, and delays in refund processing remain obstacles to its full potential. The findings provide insights into the evolving nature of tax reforms in emerging economies and suggest avenues for policy improvements in India's GST framework.

Keywords: Goods and Services Tax (GST), Indian economy, tax reform, business impact, compliance, fiscal federalism, economic integration.

1. INTRODUCTION

The introduction of the Goods and Services Tax (GST) in India on July 1, 2017, stands as one of the most significant fiscal reforms since independence. Prior to GST, India's indirect taxation system was characterized by a complex web of central and state-level taxes, including excise duty, service tax, value-added tax (VAT), central sales tax (CST), entry tax, and various surcharges and cesses. This fragmented structure not only resulted in tax cascading where the same product was taxed multiple times at different stages of the supply chain but also created inefficiencies, compliance burdens, and barriers to inter-state trade. Moreover, the absence of seamless credit flows across the value chain discouraged transparency and hindered the competitiveness of Indian businesses in both domestic and international markets.

The GST aimed to address these structural inefficiencies by subsuming multiple indirect taxes under a single unified tax framework. Designed as a destination-based tax, it promotes a common national market by taxing goods and services at the point of consumption rather than origin. The dual GST model adopted by India comprising Central GST (CGST), State GST (SGST), Integrated GST (IGST), and Union

Territory GST (UTGST) ensures concurrent taxation by both central and state governments while maintaining fiscal federalism.

Beyond revenue implications, GST was envisioned as a catalyst for economic transformation. It promised to simplify compliance, reduce the tax burden through the input tax credit mechanism, formalize the unorganized sector, and boost investor confidence by ensuring transparency and consistency in tax administration. The transition, however, has not been without challenges technical glitches, frequent rate revisions, compliance complexities, and concerns over revenue compensation have sparked debates about the efficacy of the reform.

Against this backdrop, the present study seeks to critically evaluate the economic and business impacts of GST implementation in India. It explores whether GST has delivered on its foundational objectives and how different sectors of the economy have adapted to this reform. By examining macroeconomic indicators, tax collection trends, and business-level responses across key industries, the study aims to provide a balanced assessment of GST's performance and its implications for future policy reforms.

2. GST FRAMEWORK IN INDIA

The implementation of the Goods and Services Tax (GST) in India was a monumental fiscal reform, necessitating not only significant administrative overhauls but also constitutional restructuring. The legal foundation for GST was laid through the 101st Constitutional Amendment Act, 2016, which inserted Article 246A into the Indian Constitution. This pivotal provision empowered both the Central and State governments to simultaneously levy GST on the supply of goods and services, thereby establishing a dual GST model suited to India's federal structure.

Components of the GST Structure

India's GST framework is unique in its four-tiered tax design, which accommodates the complexities of a federal democracy:

- **Central GST (CGST):** Levied by the Central Government on intra-state supplies of goods and services.
- **State GST (SGST):** Levied by individual State Governments on intra-state supplies, alongside CGST.
- **Integrated GST (IGST):** Levied by the Central Government on inter-state supplies and imports; the revenue is shared between the Centre and destination states.
- **Union Territory GST (UTGST):** Applicable in Union Territories without a legislature, such as Chandigarh or the Andaman & Nicobar Islands.

Role of the GST Council

At the heart of the GST framework is the **GST Council**, a constitutional body established under Article 279A. It is composed of:

- The Union Finance Minister (Chairperson),
- The Union Minister of State for Finance or Revenue, and
- The Finance Ministers of all states and Union Territories with legislatures.

The Council is tasked with making key decisions on tax rates, exemptions, thresholds, procedural rules, and dispute resolution. It operates on a consensus-based voting system, with the Centre holding one-third of the voting power and the states holding two-thirds collectively. As of 2024, the Council has convened over 50 meetings, reflecting its central role in fine-tuning the evolving GST regime.

Tax Slabs and Rates

India's GST is structured into multiple tax slabs 0%, 5%, 12%, 18%, and 28% to account for varying cons-

umption patterns and socio-economic priorities. While this tiered structure was designed to protect essential goods and services, it has also led to classification complexities and compliance burdens. Over time, the GST Council has initiated rate rationalization efforts, and there are ongoing discussions about transitioning to a simplified three-rate structure.

Technology Backbone: GSTN

The operational success of GST relies heavily on its IT infrastructure, the Goods and Services Tax Network (GSTN). It is a non-profit, public-private partnership that serves as the centralized platform for:

- Registration and migration of taxpayers,
- Filing of GST returns (GSTR-1, GSTR-3B, etc.),
- Payment of taxes and generation of challans,
- Matching of Input Tax Credit (ITC) claims,
- E-invoicing and e-way bills.

Despite initial technical glitches and capacity issues, significant enhancements have been made to the GSTN portal, particularly with the rollout of e-invoicing mandates for businesses above certain turnover thresholds and auto-population of returns to reduce manual errors and tax evasion.

Rollout Timeline and Evolution

The official launch date of GST was July 1, 2017, after over a decade of planning and political negotiation. The initial transition phase was marked by implementation challenges, including limited stakeholder awareness, rate confusion, and IT system overloads. However, the system has gradually matured through policy refinements, stakeholder consultations, and technology upgrades.

Some key milestones in the GST rollout include:

- 2017–2018: Implementation and early-stage turbulence.
- 2019: Introduction of simplified returns and QRMP (Quarterly Return Monthly Payment) scheme.
- 2020–2022: Introduction and expansion of e-invoicing and dynamic QR code systems.
- 2023–2024: Discussions on inclusion of petroleum products, rate rationalization, and compliance simplification for small businesses.

3. ECONOMIC IMPACTS OF GST

The Goods and Services Tax (GST) has had far-reaching implications on India's macroeconomic landscape. As a consumption-based tax reform, GST has influenced key economic indicators such as GDP growth, revenue mobilization, inflation dynamics, tax base expansion, and compliance behaviour. While short-term disruptions were observed during its initial years, the medium-to-long-term impacts show evolving patterns of stabilization and structural transformation.

3.1 GDP Growth and Economic Activity

At the time of its introduction, GST led to transitional bottlenecks, supply chain interruptions, and compliance confusion, particularly in the informal sector and among MSMEs. This resulted in a temporary slowdown in GDP growth in FY2017–18, with GDP growth slipping from 8.2% (FY2016–17) to 6.8%. However, as the system matured and compliance mechanisms improved, trade flows normalized and logistics efficiency increased, especially after the removal of inter-state checkpoints and octroi duties. According to NITI Aayog and Ministry of Finance reports, by FY2020–21 onward, GST began contributing positively to economic formalization, improving overall productivity in logistics, transport, and retail sectors. The World Bank (2022) has acknowledged GST as a factor that may enhance long-term potential output by reducing tax distortions across state boundaries.

3.2 Revenue Trends and Fiscal Federalism

GST collections have demonstrated a moderate but upward trajectory. From an average monthly collection of around ₹90,000 crore in FY2017–18, revenues have crossed the ₹1.6 lakh crore mark by FY2023–24, as per data released by the Ministry of Finance. April 2023 registered the highest-ever GST collection of ₹1.87 lakh crore, indicating increased tax compliance and consumption revival.

However, the issue of revenue neutrality whether GST compensates for the revenue losses of pre-GST taxes remains contested. States have expressed concerns over the termination of the five-year GST compensation mechanism (2022), especially those with consumption-leaning economies. This has triggered renewed debate on fiscal federalism and vertical revenue-sharing equity, requiring further policy dialogue through the GST Council.

3.3 Inflation Dynamics

Initial concerns regarding inflationary pressures post-GST rollout were substantiated by rising prices in services, consumer durables, and logistics due to classification uncertainties and the transitional cost of compliance. However, over the medium term, the reduction in cascading tax effects, streamlined logistics, and input tax credits for manufacturers have contributed to price stabilization.

According to Reserve Bank of India (RBI) data, headline inflation has not exhibited a long-term upward shift attributable to GST, and in certain categories (e.g., FMCG and telecom), effective tax incidence has even decreased. Nonetheless, rate changes in key consumption sectors have periodically impacted retail inflation, necessitating careful rate rationalization.

3.4 Formalization of the Economy

One of GST's most significant macroeconomic contributions is the formalization of the Indian economy. By creating a uniform digital registration and return system, GST has incentivized businesses to enter the formal tax net in order to claim input tax credit (ITC). The number of GST-registered taxpayers has increased from approximately 65 lakh in 2017 to over 1.45 crore by 2024.

3.5 Compliance and Tax Transparency

GST has introduced technology-driven compliance mechanisms, including e-invoicing, e-way bills, and return matching through GSTR-1 and GSTR-3B reconciliation. These tools have significantly improved data accuracy, real-time tax reporting, and reduction in tax evasion. The Central Board of Indirect Taxes and Customs (CBIC) reports show an increase in audit-based tax recovery and enforcement efficiency.

4. BUSINESS-LEVEL IMPACTS

The Goods and Services Tax (GST) has had diverse and multi-dimensional impacts on businesses across India. Its introduction altered operational structures, compliance frameworks, pricing strategies, and working capital management for firms of all sizes and sectors. While the reform was aimed at creating a seamless national market and reducing the tax burden through the input tax credit mechanism, the transition has not been uniformly smooth especially for smaller businesses and those operating in highly digitized or complex sectors.

4.1 Micro, Small, and Medium Enterprises (MSMEs)

MSMEs form the backbone of the Indian economy, contributing significantly to employment and GDP. However, this sector faced disproportionate compliance challenges under GST. Many small businesses struggled with:

- Digital onboarding requirements, such as mandatory registration, return filing, and use of IT-enabled platforms,

- Increased compliance frequency, with multiple monthly, quarterly, and annual returns, including GSTR-1, GSTR-3B, and GSTR-9,
- Costs of professional assistance (e.g., chartered accountants, GST consultants), which increased operational expenses.

Despite these hurdles, GST also brought long-term benefits to MSMEs:

- Simplified taxation by subsuming central excise, VAT, service tax, and others into a single tax.
- Access to input tax credit (ITC) encouraged formalization and improved competitiveness.
- Integration into formal supply chains, allowing them to participate in national and international procurement networks.

To ease the burden, the government introduced schemes like the Composition Scheme for small taxpayers (turnover up to ₹1.5 crore) and the QRMP scheme (Quarterly Return, Monthly Payment) to reduce filing frequency.

4.2 Manufacturing Sector

The manufacturing industry experienced a mixed impact post-GST. On one hand, the tax unification eliminated the cascading effect and simplified inter-state procurement, which was earlier restricted due to multiple taxes like CST and entry tax.

Key positive outcomes include:

- Improved supply chain logistics through removal of check-posts, octroi, and reduced documentation.
- Enhanced input credit utilization, which reduced overall tax incidence on capital goods and raw materials.
- Facilitation of economies of scale through consolidated warehousing and distribution strategies.

4.3 Services Sector

The services sector, which contributes over 50% to India's GDP, faced unique challenges due to the dual GST model. Unlike the earlier service tax regime (which was centrally administered), GST required multi-state registration for service providers operating across states, creating administrative complexity.

Specific concerns include:

- Input credit mismatches, especially in telecom, finance, and IT sectors due to differing tax treatment across states.
- Valuation and classification disputes for bundled services and cross-border transactions.
- Challenges in adapting existing ERP systems and tax workflows to new GST invoicing and documentation norms.

4.4 E-Commerce Sector

The e-commerce sector was directly impacted by GST through the introduction of Tax Collected at Source (TCS) and mandatory registration provisions, irrespective of turnover.

Key effects include:

- Small sellers on platforms like Amazon, Flipkart, and Meesho faced working capital blockages due to delayed refunds and reconciliation of TCS deductions.
- Mandatory registration under GST discouraged informal or unregistered vendors, limiting their ability to scale digitally.
- Larger platforms had to build complex GST-compliant systems for invoicing, state-wise reporting, and returns, increasing tech and compliance costs.

4.5 Working Capital and Input Tax Credit (ITC)

GST's input tax credit mechanism one of its most touted features aims to prevent tax cascading and reduce

costs. However, delays in ITC claim processing, mismatches in supplier filings, and evolving rules around eligibility have had adverse working capital implications:

- Exporters and traders often faced funding bottlenecks, with refunds on zero-rated supplies delayed for weeks or months.
- Frequent changes to rules governing ITC claims, such as the requirement for GSTR-2B reconciliation or restrictions on provisional credit, added uncertainty.
- ITC denial due to non-filing by suppliers caused cash flow disruptions, particularly for SMEs dependent on timely credits.

5. CHALLENGES IN IMPLEMENTATION

Despite being a landmark fiscal reform, the implementation of the Goods and Services Tax (GST) in India has encountered several operational, technological, and policy-level challenges. These hurdles have affected stakeholder confidence, compliance efficiency, and the reform's ability to deliver uniformly across sectors and regions. While progress has been made through phased improvements, several persistent issues continue to limit the full realization of GST's intended benefits.

5.1 Technical and Infrastructure-Related Issues

One of the most immediate and visible challenges post-GST rollout was the technical inadequacy of the GST Network (GSTN) the IT backbone responsible for registration, return filing, invoice matching, and tax payments.

- In the initial years (2017–2019), users faced frequent portal crashes, slow page loads, and inconsistent return filing experiences, especially during peak filing periods.
- Return mismatches, especially between GSTR-1 (outward supplies) and GSTR-3B (summary returns), led to denial or delays in Input Tax Credit (ITC), causing cash flow disruptions.
- Backend integration between the GSTN and state tax systems was uneven, especially for non-CBIC states, leading to inconsistent treatment of returns and audits.
- Though improvements have been made such as the rollout of e-invoicing, auto-drafted returns (GSTR-2A/2B), and enhanced server capacity complete real-time synchronization and user-friendly interfaces are still works in progress.

5.2 Rate Structure Complexity and Classification Disputes

India's GST design adopted a multi-rate structure, with rates of 0%, 5%, 12%, 18%, and 28%, along with cess on certain luxury and sin goods. While this structure was intended to accommodate socio-economic diversity, it has led to:

- Frequent classification disputes, especially for items falling between the 12% and 18% brackets (e.g., snacks, furniture, consumer durables).
- Litigation over tax slabs, where businesses contest GST rates applied to composite vs. mixed supplies (e.g., restaurant food vs. packaged items).
- Policy uncertainty, as the GST Council has periodically revised rates, exemptions, and conditions making long-term pricing and supply chain planning difficult.

While discussions on rate rationalization are ongoing, a move toward a three-tier system (possibly 8%, 15%, and 28%) has been proposed to simplify compliance and reduce ambiguity, but consensus remains elusive due to federal revenue concerns.

5.3 Refund Delays and Working Capital Constraints

Refund delays, particularly for exporters and zero-rated supplies, have been a longstanding challenge

under GST.

- Exporters face delays in receiving refunds for unutilized input tax credit (ITC) and IGST paid on exports, affecting working capital and liquidity.
- Delays are often due to manual verification of documents, data mismatches, and banking integration errors.
- The introduction of automated refund systems, faster IGST refund processing via customs-GSTN integration, and reforms in the inverted duty structure have helped reduce the backlog, but periodic surges in complaints suggest ongoing procedural inefficiencies.

5.4 Federal Tensions and Governance Frictions

The dual GST model in India requires close cooperation between the Centre and States. However, federal tensions have emerged, especially on fiscal matters:

- Compensation payments for revenue shortfalls (promised for five years post-GST) became a major source of friction. The Centre's inability to release compensation during the COVID-19 period (FY2020–21) led to significant political standoffs.
- Disagreements in the GST Council over rate changes, inclusion of new sectors (e.g., petroleum, real estate), and administrative control have highlighted governance inefficiencies.
- States with weaker consumption bases (e.g., manufacturing-heavy states) have voiced concerns about loss of fiscal autonomy and skewed revenue distribution.

Despite the Council's intent to function through cooperative federalism, the lack of consensus in several high-stakes decisions reflects structural limitations in India's fiscal federal design.

5.5 Frequent Policy Changes and Compliance Uncertainty

The dynamic policy environment under GST with frequent changes in return formats, due dates, ITC eligibility, and e-invoicing thresholds has contributed to compliance fatigue among businesses.

- Small businesses have had to repeatedly adjust systems, retrain staff, and incur costs for software upgrades and consultancy services.
- The uncertainty around rules has also increased the risk of non-compliance, both intentional and accidental.

While simplification initiatives like the QRMP scheme, faceless assessments, and single monthly returns are underway, stakeholders emphasize the need for stability and predictability in GST rules.

6. POLICY REFORMS AND FUTURE PROSPECTS

As the Goods and Services Tax (GST) in India matures, ongoing policy reforms and structural adjustments are essential to enhance its efficiency, fairness, and inclusivity. The GST Council, in coordination with state and central authorities, has been actively engaging with stakeholders to address implementation challenges and streamline processes. This section outlines the key reforms underway and anticipates future directions in the evolution of India's GST framework.

6.1 Rate Rationalization: Toward a Simplified Tax Structure

One of the most pressing reform agendas under consideration is the rationalization of GST rate slabs. The current multi-rate structure comprising five slabs (0%, 5%, 12%, 18%, and 28%) plus additional cesses has led to classification disputes, litigation, and compliance ambiguity.

- The GST Council has acknowledged the need to move toward a three-rate structure, potentially merging the 12% and 18% slabs into a standard rate of 15% and maintaining concessional (5%) and luxury/sin (28%) rates.

- This reform aims to reduce the cascading impact of slab differentials, simplify tax administration, and promote neutrality.
- However, political negotiations over revenue implications—particularly for states—have slowed progress, and no fixed timeline has been finalized.

6.2 Broadening the GST Base: Inclusion of Excluded Sectors

When GST was launched, key revenue-generating sectors were excluded from its ambit petroleum products (crude oil, petrol, diesel, natural gas), alcoholic beverages, and real estate due to political sensitivities and federal revenue-sharing concerns.

- Petroleum and alcohol continue to be governed by the pre-GST tax framework (excise duty, VAT, state levies), limiting the benefits of input tax credit (ITC) and creating tax cascading effects for transport and logistics sectors.
- The inclusion of petroleum products is under active discussion, especially as fuel prices impact inflation and logistics costs. However, states are reluctant due to their reliance on petroleum revenues.
- The real estate sector, partially brought under GST via taxation on construction services and inputs, still sees ambiguity around land value, stamp duties, and composite supply treatment. Further integration is expected to address black money, valuation disputes, and credit blockages.

6.3 Technological Integration: E-Invoicing and Automation

India's GST system is becoming increasingly digitized, with the rollout of e-invoicing seen as a game-changer in promoting transparency, audit readiness, and real-time data sharing.

- Initially introduced in 2020 for companies with turnover above ₹500 crore, e-invoicing has been progressively extended to all B2B entities with turnover above ₹5 crore as of 2023.
- E-invoicing ensures that transaction data is automatically populated into return forms (GSTR-1, GSTR-3B), thereby minimizing human error and mismatches.
- The Invoice Registration Portal (IRP) model has improved fraud detection, reduced bogus ITC claims, and allowed for better monitoring of high-volume transactions.

Going forward, the government plans to expand e-invoicing to smaller businesses, integrate it with e-way bills, and use AI/ML for real-time anomaly detection, enhancing tax administration efficiency.

6.4 Simplification for MSMEs and Compliance Ease

Given the disproportionate compliance burden on MSMEs, targeted reforms have been rolled out to simplify return filing, registration, and payment processes:

- The QRMP Scheme allows small taxpayers (turnover up to ₹5 crore) to file returns quarterly while paying taxes monthly, thereby reducing the filing load.
- A single monthly return system (GSTR-3B-based) is being developed to eventually replace the multi-return structure.
- Additional initiatives include:
 - Pre-filled returns based on supplier data.
 - Simplified composition schemes with lower tax rates.
 - Relaxation in late fees and interest for minor delays.
 - GST Seva Kendra's and mobile apps for rural and micro-enterprises.

6.5 Long-Term Vision and Strategic Reforms

Looking ahead, the long-term vision for GST in India includes the following strategic priorities:

- One Nation, One Tax: Moving toward a truly unified market by reducing state-level interventions and harmonizing compliance practices.

- Policy certainty: Reducing frequent rate and rule changes to support long-term business planning.
- Revenue-neutral but pro-growth framework: Balancing state and central revenue needs with incentives for investment, exports, and job creation.
- Integration with Direct Tax System: Using PAN/GSTN linkages to build a unified taxpayer profile, potentially enabling real-time economic analytics and better policymaking.

7. DISCUSSION AND RESEARCH GAPS

The empirical and theoretical analysis of GST implementation in India reveals a spectrum of outcomes, shaped by sectoral diversity, administrative readiness, and political economy factors. While the reform has succeeded in improving tax compliance, broadening the taxpayer base, and modernizing indirect tax administration, it has simultaneously struggled to achieve its original promises of rate simplification, seamless credit flow, and revenue neutrality.

7.1 Mixed Outcomes: A Balanced Assessment

Positive impacts include:

- Enhanced tax compliance, with growing monthly GST revenues indicating stronger enforcement and digital transparency.
- Greater formalization, as seen in increased GST registrations, improved invoice matching, and reduced cash-based transactions.
- Reduction in logistical inefficiencies, especially due to elimination of inter-state tax barriers and check-posts.

However, limitations persist:

- The rate structure remains complex, with multiple slabs creating classification ambiguities and disputes.
- Revenue neutrality has not been consistently achieved, particularly at the state level, leading to fiscal tensions and compensation demands.
- Working capital stress, refund delays, and compliance costs continue to burden small businesses.

7.2 Emerging Areas of Inquiry and Research Gaps

Despite a growing body of literature on GST's macroeconomic impact, several important areas remain under-researched or insufficiently explored, particularly in the Indian context:

a) Sectoral Productivity Post-GST

There is a lack of comprehensive studies evaluating productivity changes across sectors such as MSMEs, logistics, manufacturing, and services post-GST.

- Key research questions include: Has GST led to greater operational efficiency and competitiveness? Are large firms benefiting disproportionately due to better compliance infrastructure?
- Sector-specific data on supply chain reconfiguration, inventory costs, and turnaround times can provide valuable insights.
- Comparative studies with VAT transitions in other economies (e.g., Malaysia, Brazil) could enhance theoretical understanding.

b) Long-Term Compliance Behaviour

While compliance rates have improved quantitatively, little is known about behavioural shifts in taxpayer conduct, especially among small and medium enterprises.

- Future research could explore: To what extent has GST changed taxpayer ethics and reporting norms? What is the role of digital enforcement tools (e.g., e-invoicing, GSTR-2B) in sustaining compliance?

- Behavioural economics approaches could be employed to study tax morale, default tendencies, and voluntary vs. enforced compliance.

c) Impact on State-Level Fiscal Autonomy

GST has significantly altered India's fiscal federalism by centralizing indirect taxation and requiring state consensus via the GST Council. However, state governments' capacity to independently respond to local fiscal needs has narrowed.

- Research is needed to assess how GST has:
 - Affected states' ability to raise own revenues,
 - Influenced state expenditure patterns,
 - Shifted power dynamics between Centre and States.
- Case studies of high-performing vs. low-performing states under GST could highlight disparities in adaptability and governance efficiency.

d) Administrative Efficiency and Capacity Building

Most studies focus on taxpayers; fewer examine government capacity and institutional readiness to administer a complex digital tax like GST.

- Future work could assess training gaps among tax officials, inter-state variations in audit effectiveness, and the impact of automation on human resource needs.
- An evaluation of the GSTN's evolution as a public-private partnership and its integration with other digital platforms (e.g., Income Tax, Customs) would be valuable.

e) Informal Sector and Employment Effects

GST's formalization push may have led to disruptions in informal sector employment, especially in retail, construction, and agriculture-linked services.

- Detailed empirical work is required to understand:
 - Whether GST has accelerated or hindered informal-to-formal transitions,
 - How it has impacted wage patterns, job security, and business survival in low-income segments.

7.3 Call for Interdisciplinary and Policy-Oriented Research

Given the multifaceted nature of GST's impacts, there is a strong case for interdisciplinary research that combines economics, public finance, law, and behavioural sciences. Greater collaboration between academia, think tanks, and policy bodies can facilitate:

- Real-time data collection and analysis,
- Policy feedback loops based on evidence,
- Innovative models for compliance prediction and tax optimization.

8. CONCLUSION

The implementation of the Goods and Services Tax (GST) in India represents one of the most ambitious fiscal reforms in the country's post-independence history. By unifying a multitude of central and state-level indirect taxes into a single, nationwide tax framework, GST aimed to streamline the tax system, eliminate cascading taxes, and create a common national market. Over the period from its launch in July 2017 to the present, the reform has brought about substantial structural and administrative changes in the country's economic and business landscape.

From an economic standpoint, GST has made notable progress in expanding the tax base, promoting formalization of the economy, improving tax compliance, and enhancing supply chain efficiencies particularly by removing inter-state tax barriers. Monthly GST collections have shown steady growth,

signalling improved tax administration and digital enforcement. The introduction of e-invoicing, real-time data matching, and automation tools reflects India's transition toward a technology-enabled tax regime. At the business level, the reform has introduced greater transparency and uniformity, benefiting sectors such as manufacturing, logistics, and e-commerce.

However, the reform journey has not been without challenges. The multi-rate structure has led to classification disputes and policy unpredictability. Delays in input tax credit (ITC) claims, refund bottlenecks, and working capital constraints have adversely impacted small businesses and exporters. Micro, Small, and Medium Enterprises (MSMEs), in particular, continue to face disproportionate compliance burdens due to digital infrastructure gaps and frequent rule changes. Moreover, concerns around revenue neutrality, fiscal federalism, and limited inclusion of major sectors like petroleum and real estate indicate that the GST regime is still a work in progress.

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