

GST@8: A Journey of Transformative Reform in India's Fiscal Landscape

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Abstract

Since its introduction, GST has strengthened India's revenue and expanded the taxpayer base, with collections reaching a record Rs 22.08 lakh crore in the FY 2024–25, as stated by PIB. It replaced the complicated, multi-layered indirect tax system with a less-complicated, One-Nation-One-Tax Model. It made tax compliance easier, reduced costs for businesses, and allowed goods to move freely across states. The eighth anniversary is an appropriate time for reflection on the key milestones, policy achievements and transformative changes under the GST law. Proactive engagement with industry has shaped a responsive tax policy framework, aided by timely clarifications. This has contributed to the resolution of several disputes and minimised litigation. The journey has shown steady and positive momentum, marked by increased stakeholder confidence, improved compliance maturity and stronger alignment. It has positively influenced business operations, particularly through compliance digitisation, supply chain optimisation and enhanced pricing competitiveness.

Key Words: GST, GSTN, Per-Capita GST/NSDP, Consumption, COVID-19

Background of the Study:

Goods and Services Tax (GST) has transformed India's taxation system. It came into effect in India on 1st July 2017 and completed eight years on June 30, 2025. Since its introduction, GST has strengthened India's revenue and expanded the taxpayer base, with collections reaching a record Rs 22.08 lakh crore in the FY 2024–25, as stated by Press Information Bureau. It replaced the complicated, multi-layered indirect tax system with a less-complicated, One-Nation-One-Tax Model. This revolution was brought about with the vision of establishing one national market by merging different taxes such as the Value Added Tax (VAT), Service Tax, Central Sales Tax, Excise Duty, and several more under one GST. Today, it is part of our daily lives, from a cup of tea to a car, almost everything we buy has GST added to its bill. The GST seeks to simplify the process of tax, reduce cascading effect of taxes, and enhance ease of doing business. While GST successfully unified indirect taxes and created a common national market, significant challenges persist including input tax credit issues, refund processing delays, absence of appellate tribunals, and multiple tax rates. The transition also involved teething problems on the GST portal, and corporates had to modify their Enterprise Resource Planning System (ERPS) to adjust to a new pattern of filing taxes. The system faces ongoing litigation primarily involving fake invoices, goods detention, credit mismatches, and interpretational disputes. However, the willingness of the Government to act promptly and make constant improvements helped in overcoming the setbacks. Moreover, the sustained positive industry sentiment reveals the growing acceptance of GST as the mainstream tax framework. The eighth anniversary is an appropriate time for reflection on the key milestones, policy achievements and

transformative changes under the GST law. The present paper is based on the evaluation of performance of Indian GST for the last 8 years.

Objectives of the Study:

- To find out the Gross GST Revenue, State-wise Gross Domestic GST Revenue, Taxpayer base, and Contributions of different businesses on GST during last 8 year.
- To find out Per-capita GST and compare it with per-capita NSDP (~per-capita income) to know the consumption pattern of different states of India.
- To Evaluate the impact of different waves of COVID-19 on GST.
- To consider the challenges faced in past 8-year time.
- To suggest remedies to cope up with the challenges and draw conclusion

Literature Review:

CRISIL (2024) suggested that State-level Goods and Services Tax (GST) data can be a useful measure of consumption demand across states in India. This is because GST, being a destination or consumption-based tax, is received by a state in which the goods are consumed as opposed to a state in which these are produced. Thus, higher the consumption in a state, the bigger its GST collection. Our analysis shows that state-wise GST data can be a useful indicator of consumption expenditure and trends in the economy and relative performance of various states.

K. Mani, BDO India (2025) accepted that the implementation of GST in India is one of the key taxation reforms that changed the way business manage their taxes and also helped business to adopt technology and improve efficiencies. The GST Revenue Collections from 2017-18 to 2024-25 reflect the level of economic growth in the country and growth in tax compliance. Though the GST law has overcome its teething issues, it would be critical to understand how the law would evolve in the next decade to support the Governments initiative of 'Viksit Bharat' by 2047.

A. Jain, KPMG, (India (2025) stated that eight years after its launch, GST has reshaped India's Indirect Tax landscape, driving formalisation and digitalisation at scale. As the system matures, the next phase must focus on refinement, simplifying compliance, harmonising enforcement, and expanding its scope. With continued collaboration between policymakers and industry, GST is well positioned to evolve into a dynamic platform that supports India's economic aspirations and governance goals.

PWC (2025) expressed that the completion of eight transformative years of GST stands as a testament to India's commitment to creating a unified, transparent and technology-driven indirect tax system. The regime has delivered substantial progress in integrating markets, enhancing compliance, and leveraging digital tools for administration and enforcement. Leveraging advanced technologies such as artificial intelligence can further streamline compliance and administration, provided robust safeguards are in place. A forward-looking, globally harmonised GST regime will be instrumental in driving India's 'Amrit Kaal' growth story, fostering innovation, competitiveness, and inclusive economic development.

Deloitte GST@8 Survey (2025) finds that industries maintain positive outlook on the GST journey, primarily due to the digitalisation of compliances and proactive tax policy engagement. Widespread

appreciation for technology adoption; however, thoughtful refinements are necessary to further improve the GST portal's efficiency and user functionality. Stakeholders advocate for bold reforms to enhance ease of doing business, such as liberalised export rules, simplified registration and refund mechanisms, flexible credit utilisation, removal of mandatory cash payment requirements and curbing expansive/rigid interpretations of the law. Pressing need for a more effective dispute resolution framework. Government should curb hasty assessments, enforce time-bound scrutiny processes and ensure implementation of GST circulars to provide clarity and certainty at ground level.

Clear Tax (2025) stated that eight years of GST in India have significantly transformed the indirect tax landscape. While the journey has had its fair share of challenges, the benefits have been undeniable. The GST system has not only streamlined taxation but also fostered economic growth by reducing inefficiencies, improving transparency, and enhancing ease of doing business. As India moves forward, businesses must continue to adapt to the evolving tax regime to harness its full potential.

Research Methodology:

The paper is based on secondary data sourced from Central Board of Indirect Taxes and Customs-GST(CBIC), Goods and Services Tax Network (GSTN), Ministry of Finance (MOF), Reports from Government of India, Research Journals, Magazines, Articles and Media Reports and various websites. Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type which has greater accuracy and in-depth analysis of the study. As GST was rolled out on 1st July, 2017, we have selected the time period of 8 years after the enforcement of the new law i.e. 1st July, 2017 to 30th June, 2025. All collected data have been thoroughly analysed by preparing column and bar chart. The State-wise Annual Average Gross GST Revenue during these 8 years is divided by population as per census 2011 and the per-capita GST is calculated. Then per-capita GST is compared with per-capita National State Domestic Product (NSDP) to find the percentage of per-capita GST on per-capita NSDP.

STATE-WISE GROSS GST REVENUE COLLECTIONS FOR THE 8-YEAR PERIOD FROM 01.07.2017 TO 30.06.2025 (Rupees in Crore)

Sl. No.	STATES	17-18 (9M)	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26 (3M)	TOTAL	% of Total
1	Jammu and Kashmir	2,320	3,792	4,010	3,647	4,692	5,246	6,704	7,175	2,024	39,611	0.42%
2	Himachal Pradesh	5,309	7,593	7,960	7,055	8,023	8,778	9,956	10,352	2,845	67,870	0.73%
3	Punjab	9,643	13,977	15,235	13,913	18,406	20,949	24,061	26,721	7,750	1,50,655	1.62%
4	Chandigarh	1,170	1,778	1,988	1,651	1,979	2,365	2,771	2,915	217	16,835	0.18%
5	Uttarakhand	10,967	15,150	14,722	12,339	13,680	16,845	19,231	20,670	5,896	1,29,500	1.39%
6	Haryana	36,815	55,233	59,560	54,890	68,142	86,668	1,02,914	1,19,362	34,186	6,17,771	6.62%
7	Delhi	26,445	39,845	44,161	36,568	46,253	55,843	66,445	77,002	24,236	4,16,799	4.47%
8	Rajasthan	18,463	30,721	32,821	31,797	38,480	45,458	50,174	54,785	15,587	3,18,287	3.41%
9	Uttar Pradesh	36,858	61,323	65,281	59,721	73,865	87,970	1,01,693	1,12,212	31,978	6,30,900	6.76%
10	Bihar	5,531	10,755	12,640	11,638	13,534	16,548	18,021	20,208	5,870	1,14,745	1.23%
11	Sikkim	1,186	1,917	2,248	2,266	2,811	3,156	3,707	4,063	1,258	22,613	0.24%
12	Arunachal Pradesh	120	398	581	651	710	1,023	1,308	1,201	571	6,562	0.10%
13	Nagaland	104	227	317	389	420	566	711	682	271	3,687	0.04%
14	Manipur	122	309	435	392	551	615	670	699	279	4,072	0.04%
15	Mizoram	67	213	296	257	316	419	500	512	137	2,716	0.03%
16	Tripura	305	556	680	732	777	884	1,053	1,193	328	6,508	0.07%
17	Meghalaya	648	1,368	1,522	1,337	1,764	2,076	2,260	2,192	734	13,900	0.15%
18	Assam	4,969	8,988	10,423	10,030	12,007	13,710	15,602	17,415	5,124	98,269	1.05%
19	West Bengal	23,333	39,780	43,386	39,694	47,898	58,060	62,613	66,892	20,060	4,01,716	4.31%
20	Jharkhand	14,162	23,916	22,847	20,482	27,854	32,019	34,738	36,841	10,160	2,23,019	2.39%
21	Odisha	14,849	26,948	29,677	29,844	44,335	49,442	54,748	60,928	16,361	3,27,132	3.51%
22	Chhattisgarh	13,008	22,932	24,160	24,419	29,571	31,968	34,874	37,183	10,302	2,28,418	2.45%

23	Madhya Pradesh	15,544	25,683	28,354	27,005	31,255	36,232	42,174	45,072	12,924	2,64,243	2.83%
24	Gujarat	45,905	73,440	78,923	74,346	97,155	1,14,221	1,25,168	1,36,748	37,747	7,83,654	8.40%
25	Daman and Diu	922	1,105	1,155	305	5	3	3	2	-	3,499	0.04%
26	Dadra and Nagar Haveli	1,218	1,718	1,810	2,349	3,141	3,771	4,333	4,408	1,256	24,004	0.26%
27	Maharashtra	1,05,186	1,70,289	1,85,917	1,65,308	2,17,993	2,70,346	3,20,117	3,59,855	1,03,728	18,98,739	20.36%
28	Karnataka	48,138	78,762	83,408	75,660	95,926	1,22,822	1,45,266	1,59,564	45,523	8,55,069	9.17%
29	Goa	2,772	4,103	4,280	3,270	4,364	5,520	6,475	7,146	1,944	39,874	0.43%
30	Lakshadweep	7	20	20	13	18	21	45	21	13	179	0.00%
31	Kerala	10,857	16,343	19,234	17,349	22,264	27,371	30,677	33,109	9,502	1,86,705	2.00%
32	Tamil Nadu	45,318	70,562	74,430	69,121	85,492	1,04,377	1,21,329	1,31,115	36,737	7,38,482	7.92%
33	Puducherry	1,317	1,924	1,871	1,646	1,824	2,373	2,636	2,865	782	17,240	0.18%
34	Andaman and Nicobar Island	162	297	361	255	332	373	428	482	163	2,854	0.03%
35	Telangana	21,346	36,408	39,820	36,346	45,081	51,831	59,942	62,987	17,404	3,71,164	3.98%
36	Andhra Pradesh	14,327	25,331	27,108	26,163	32,710	40,232	44,298	44,825	12,123	2,67,118	2.86%
37	Ladakh	-	-	-	114	207	333	481	546	129	1,810	0.12%
38	Other Territory	556	2,484	1,758	1,337	1,590	2,609	2,615	2,473	701	16,123	0.17%
39	CBIC/OIDAR	80	580	1,003	1,541	2,121	1,941	2,507	3,275	941	13,988	0.15%
40	TOTAL	5,40,049	8,76,770	9,44,403	8,65,842	10,97,546	13,24,985	15,23,249	16,75,697	4,77,791	93,26,331	-
41	IGST & Cess on Import AI	2,00,558	3,00,575	2,77,719	2,70,964	3,85,746	4,82,695	4,95,001	5,33,164	1,43,869	30,90,291	-
42	GRAND TOTAL	7,40,607	11,77,345	12,22,122	11,36,806	14,83,292	18,07,680	20,18,250	22,08,861	6,21,660	1,24,16,622	-

Table: 1 (Source: GST Statistics – GSTN)

8 Years of GST: Evaluation of Performance:

It has been eight years since India rolled out the GST, one of the country's biggest tax reforms. Back in July 2017, GST promised to bring 'One Nation, One Tax' by merging various indirect taxes under one umbrella. Now we look back to the 8 years for evaluation:

1. Strengthening GST Revenue Collections:

Since its launch, the GST has boosted India's revenue growth and broadened its taxpayer base. It continues to fortify the country's fiscal health while making indirect taxes more transparent. In 2024–25, GST collections hit a record high of Rs 22,08,861 crore, marking a healthy 9.44% rise from last year (Table-1), according to PIB. Goods and Services Tax (GST) revenue collections have witnessed a sustained upward trajectory over the years with some ups and downs. In the initial years, one could witness GST collections lower than the estimated targets. However, the situation improved by implementing better compliance measures, enhanced tools and technology, and a broadening tax base. In comparison to the average monthly GST collection of INR 0.823 lakh crore in 2017–18, monthly gross GST collections have significantly increased to INR 1.84 lakh crore in 2024–25. The monthly average for the period April 2025 to June 2025 when the average GST collections reached a record high of INR 2.07 lakh crore. The Gross GST revenue for the period April 2025 to June 2025 shows 11.65% increase over the same period in the last year. The total Domestic GST revenue collections during the 8-year period till 30.06.2025 amounted to INR 93,26,331 crore and the Total GST Revenue Collections, including IGST and Cess on all India Imports amounting INR 30,90,291 crore, reached to INR 1,24,16,622 crore during the same period (Table-1).

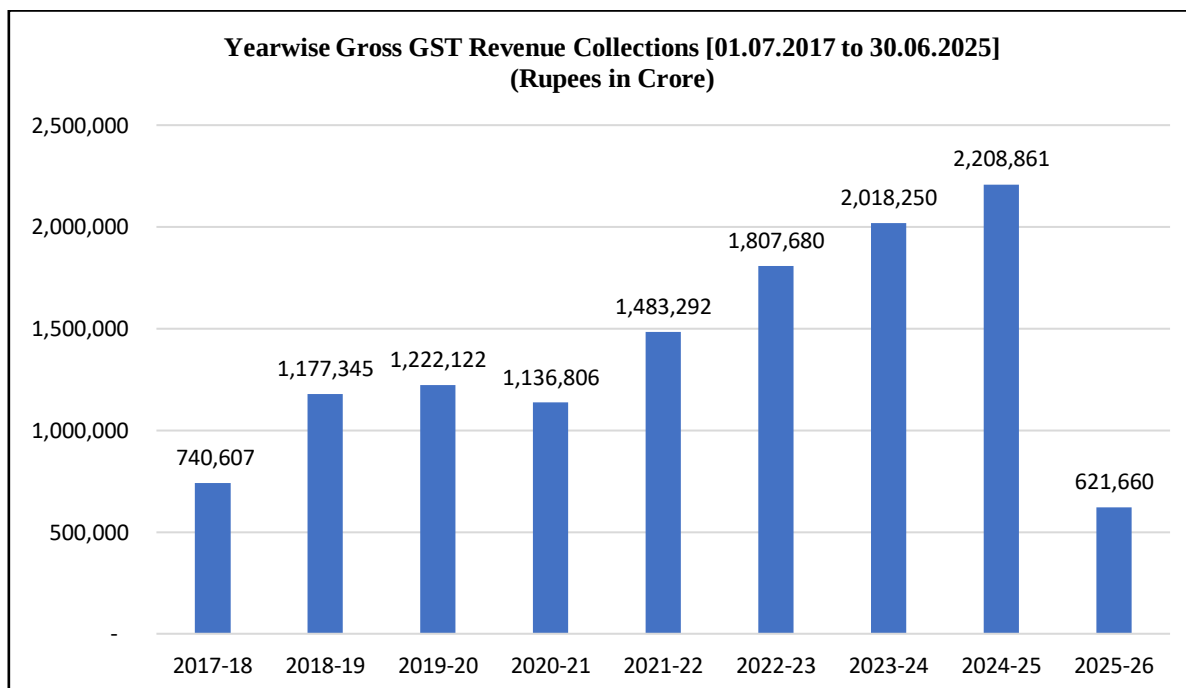


Figure 1 (Source: GST Statistics – GSTN)

Figure-1 shows Year-wise Gross GST revenue collections in India since its implementation on 1st July, 2017. The collection for FY 2017-18 reflects collection for only 9 months (July 2017 to March 2018). In 2020-21, the GST collection was lowest due to COVID-19 pandemic. Collections have shown consistent year-on-year growth, demonstrating increased compliance and economic activity.

This steep rise in revenue collection is not only a function of increased economic growth, consumption and changes in global trade but also a result of proactive policy and enforcement measures. Technology enhancements such as e-invoicing, real-time data integration, AI-driven enquiries, and risk-based audits have created a robust GST compliance framework. These concerted efforts have helped position India's GST regime as one of the most advanced and data-driven indirect tax systems globally.

2. Consumption Signals from State-Level GST Data:

State-level GST data can be a useful measure of consumption demand across states. This is because GST, being a destination or consumption-based tax, is received by a state in which the goods are consumed as opposed to a state in which these are produced. Thus, higher the consumption in a state, the bigger will be the GST collection of that state. Following are the reason behind it:

- Private consumption is the biggest demand driver for the Indian economy and understanding how it piles-up across states is helpful for the corporate sector as well as for policymakers. Per capita Net State Domestic Product (NSDP) is a measure of a state's economic health and the average financial wellbeing of its residents. If we calculate per capita GST (~ per capita consumption expenditure) of a state as a percentage of per capita NSDP then we can throw light on consumption patterns across states. A caveat-increase in state GST could also partly be due to wider or enhanced coverage and difficulty in tax evasion
- Even though most food items are exempt from GST and items such as alcoholic beverages and petroleum products are outside its purview (together having around 33% share in all-India Private Final Consumption Expenditure (PFCE), GST still represents a healthy share in terms of coverage of goods and services, at around 67%, which makes it a reasonable proxy for consumption scenario across states.

(c) State-wise GST Collections:

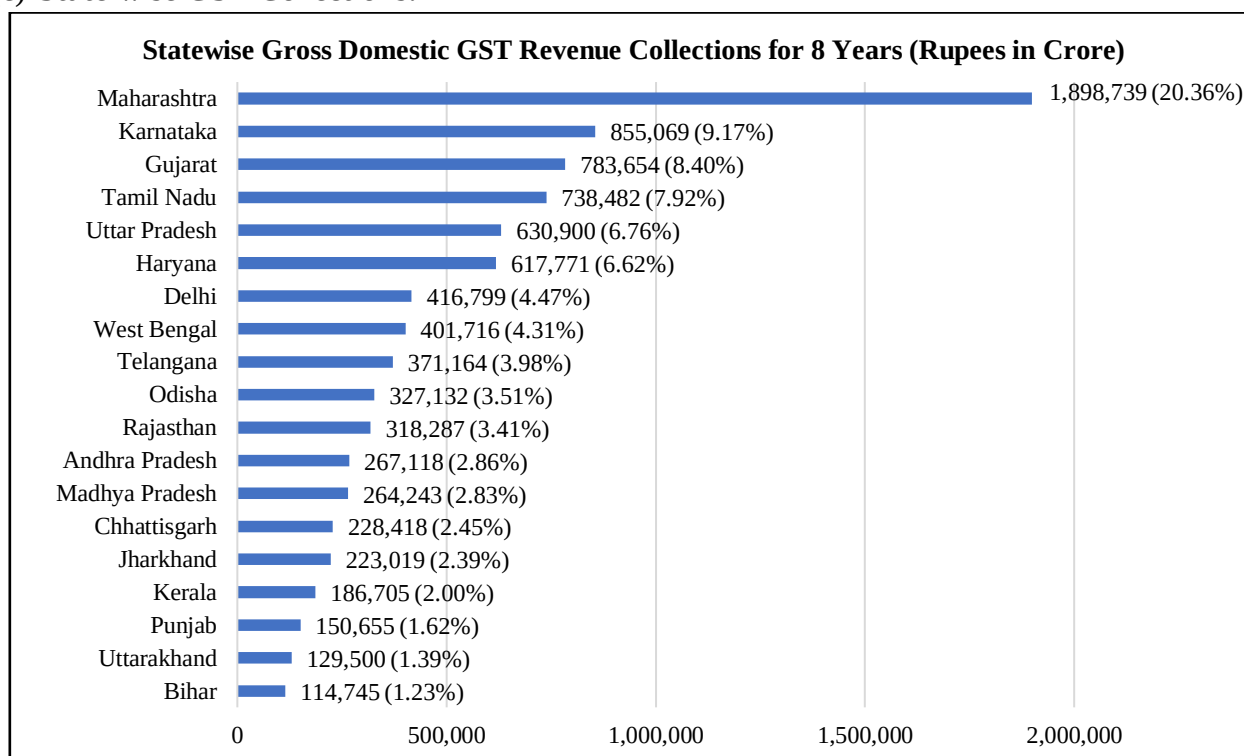


Figure 2 (Source: GST Statistics – GSTN)

We have analysed GST data for 19 states that account for more than 95% (95.68%) of total Domestic GST Revenue collections. In addition to GST revenue, Figure-2 shows the percentage of contribution of each state on total domestic GST revenue collections.

- Maharashtra accounts for the highest GST collection (Figure-2), with a 20.36% share in all-India annual average Domestic GST collection in 8-year period, way ahead of the second ranked state, Karnataka (9.17%). Indeed, not only is Maharashtra the biggest in terms of GDP size but also, in its case, a large population (third-most populous state) does seem to boost consumption expenditure in the state. Contribution of Bihar (1.23%) is the lowest.
- If we normalise State-wise Annual Average Domestic GST Revenue data with the population size (2011 Census) of respective states, we get Per-capita GST of states (Figure-3), which gives a sense of the intensity of consumption spend across states, i.e. the average consumption spends per individual.

(d) State-wise Per-Capita GST Collections:

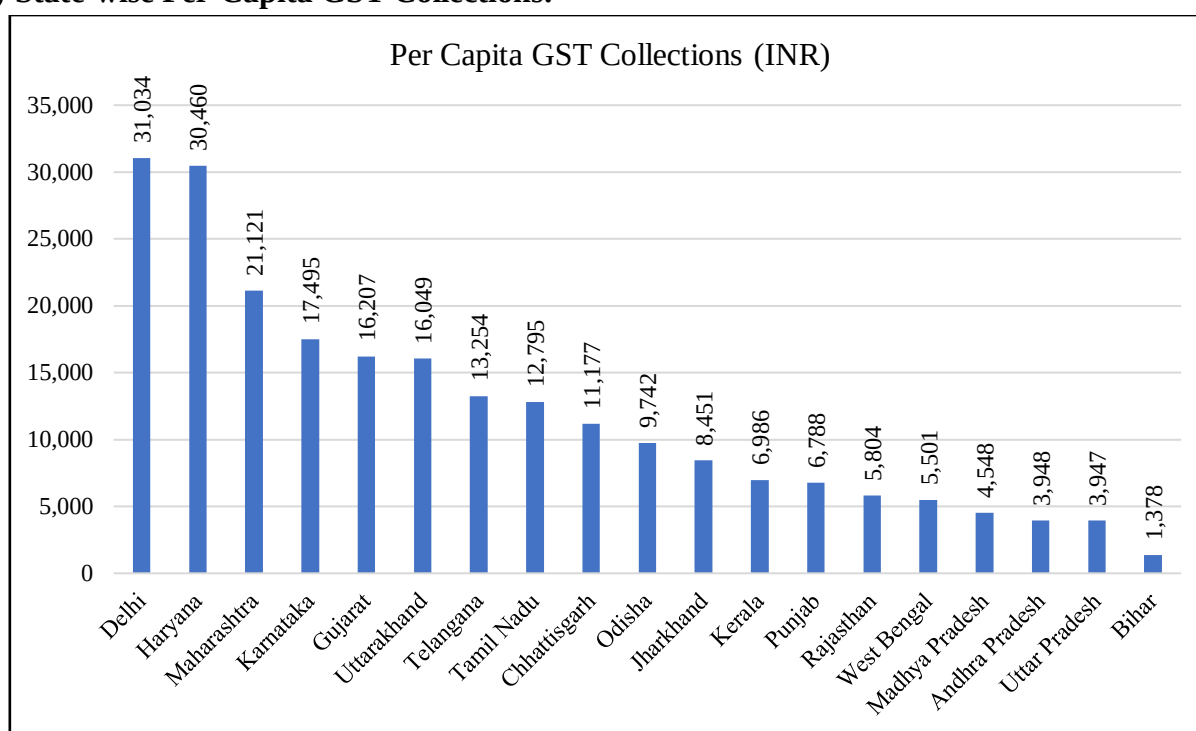


Figure 3 (Source: Figure calculated by Author)

- Looked at through the per-capita lens, Delhi is in the top whereas Haryana and Maharashtra hold 2nd and 3rd position in per capita terms, while Bihar, Uttar Pradesh and Andhra Pradesh have the lowest.
- Chhattisgarh, Odisha, Jharkhand, Kerala, Punjab, Rajasthan and West Bengal get pushed down the order, while Karnataka, Gujarat, Uttarakhand, Telangana and Tamil Nadu move up.
- Such information can possibly suggest the kind of goods (premium vs mass) that can be sold in a state, which would be a useful input for corporates.

(e) Higher Percentage of Per-Capita GST on Per-Capita NSDP in a state provide greater consumption thrust:

After calculating percentage of per-capita GST on per-capita NSDP (~per-capita income of a state), we get what percentage of NSDP is paid by a state as GST. The percentage of per-capita GST/NSDP is shown in Figure-4.

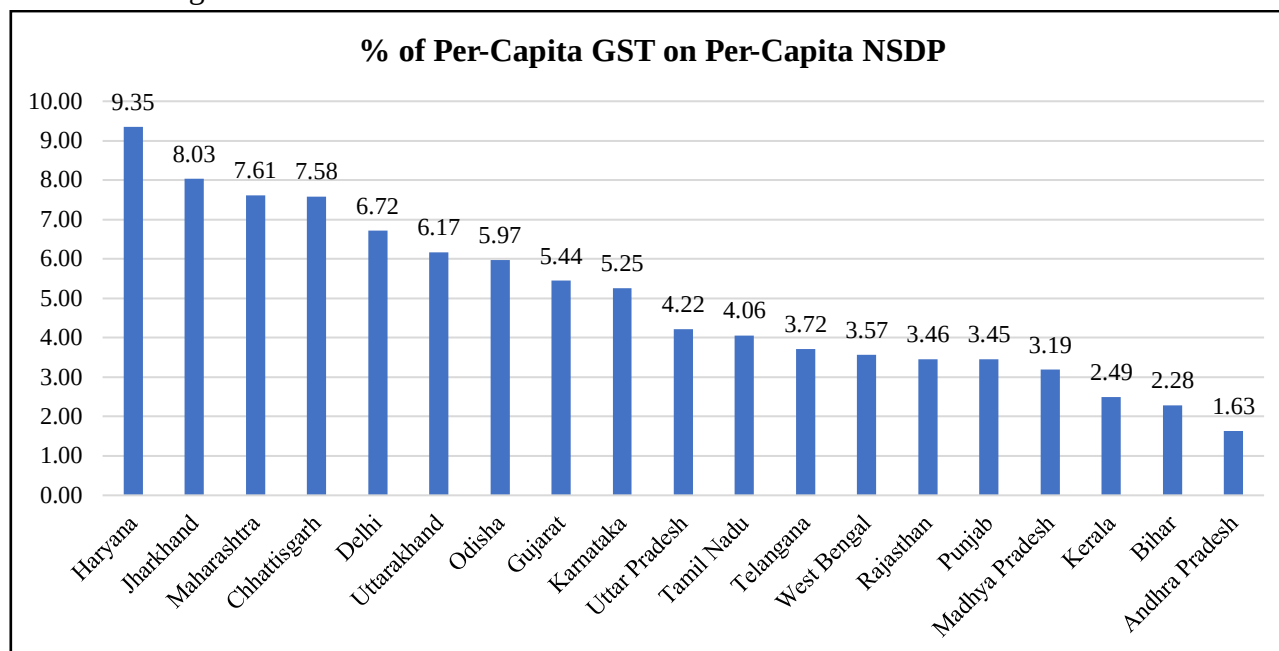


Figure 4 (Source: Figure calculated by Author)

From that angle, Haryana (9.35%), Jharkhand (8.03%), Sikkim (7.88%) and Maharashtra (7.61%) occupies the 1st, 2nd, 3rd and 4th position respectively. On the other hand, Kerala (2.49%), Bihar (2.28%) and Andhra Pradesh (1.63%) are the lowest in ranking among the 19 major revenue earning states. Higher percentage indicates that people of those states have higher propensity to consume and lower percentage indicates lower propensity to consume.

3. GST Taxpayer Base and the Active Taxpayers:

The GST taxpayer base has significantly expanded from 66.5 lakh in 2017 to over 1,53,56,323 active registrations as on June 30, 2025 including 40,75,501 migrated from pre-GST regime. The total taxpayers consist of 1,34,52,270 Normal Taxpayers, 14,79,938 Composition Taxpayers, 22,522 Input Service Distributors, 22,970 Tax Collector at Source, 3,77,162 Tax Deductor at Source and 3954 other taxpayers. It is studied that first 20 states account for more than 95% (95.11%) active GST taxpayers. The state-wise active taxpayers as on 30.06.2025 are depicted in Figure-5. The leading states are Uttar Pradesh, Maharashtra, Gujarat, Tamil Nadu, Karnataka. Among these Uttar Pradesh tops the list, contributing 13.20% of all active GST taxpayers in the country. It is followed by Maharashtra at 12.14%, Gujarat at 8.41%, Tamil Nadu at 7.65%, and Karnataka at 6.87%.

While these states dominate in terms of taxpayer numbers, it is also noticed that some economically stronger states are underperforming in GST participation when compared to their share in the per-capita NSDP. These include Haryana, Jharkhand, Delhi, Odisha, Telangana, which have a lower share of active taxpayers than their contribution to the per-capita NSDP. This reflects a gap in formalisation and indicates untapped potential for GST expansion in these states. For example, the percentage of per-capita GST to per-capita NSDP for Haryana 9.35%, against 3.77% of total taxpayer base.

Accordingly, Jharkhand (8.03% and 1.40%), Delhi (6.72% and 5.35%), Odisha (5.97% and 2.30%), Telangana (3.72% and 3.55%).

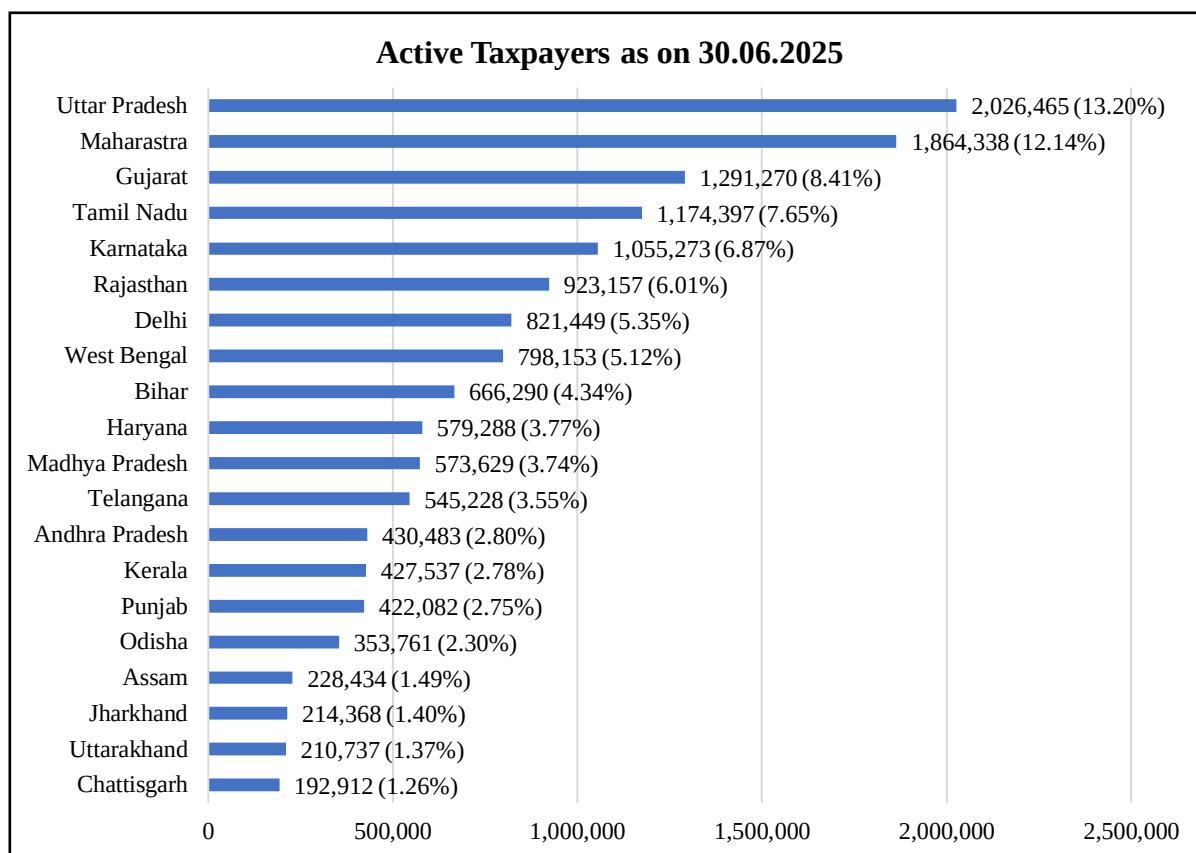


Figure 5 (Source: GSTN)

In contrast, states such as Uttar Pradesh, Bihar, and Gujarat exhibit a reverse trend. Their share in total GST registrations is higher than share of Per-capita GST/NSDP ratio, suggesting greater formalisation and improved tax compliance. For example, the percentage of per-capita GST to per-capita NSDP for Bihar is 2.28% as against 4.34% of total taxpayer base. Accordingly, Uttar Pradesh 4.22% and 13.20%, Gujarat 5.44% and 8.41%.

It is also found that states like Uttarakhand, Chhattisgarh and Jharkhand contribute very little to the total GST taxpayer base, with each accounting for 1.40% or less but their per-capita GST to per-capita NSDP share is good. Jharkhand, Chhattisgarh and Uttarakhand having 8.03%, 7.58% and 6.17% Per-capita GST/NSDP ratio.

The data disclose that while progress has been made in expanding the tax base, a large untapped opportunity remains, particularly in wealthier and more industrialised states. The insight can help guide future policy efforts aimed at increasing formalisation and boosting GST compliance across all regions.

4. Different Constituents of Business and their Contributions in GST Revenue:

The distribution of GST collection across different business types highlights the structural composition of India's taxation system. Figure-6 shows the contributions of different businesses to GST Revenue. The dominance of Public Limited Companies (33.83%) and Private Limited

Companies (29.14%), which together contribute over 62% of total GST revenue, emphasises their pivotal role in tax generation. These companies, often engaged in large scale manufacturing, exports and inter-state-trade, contribute significantly to both CGST and IGST collections due to their high turnover and wider market reach.

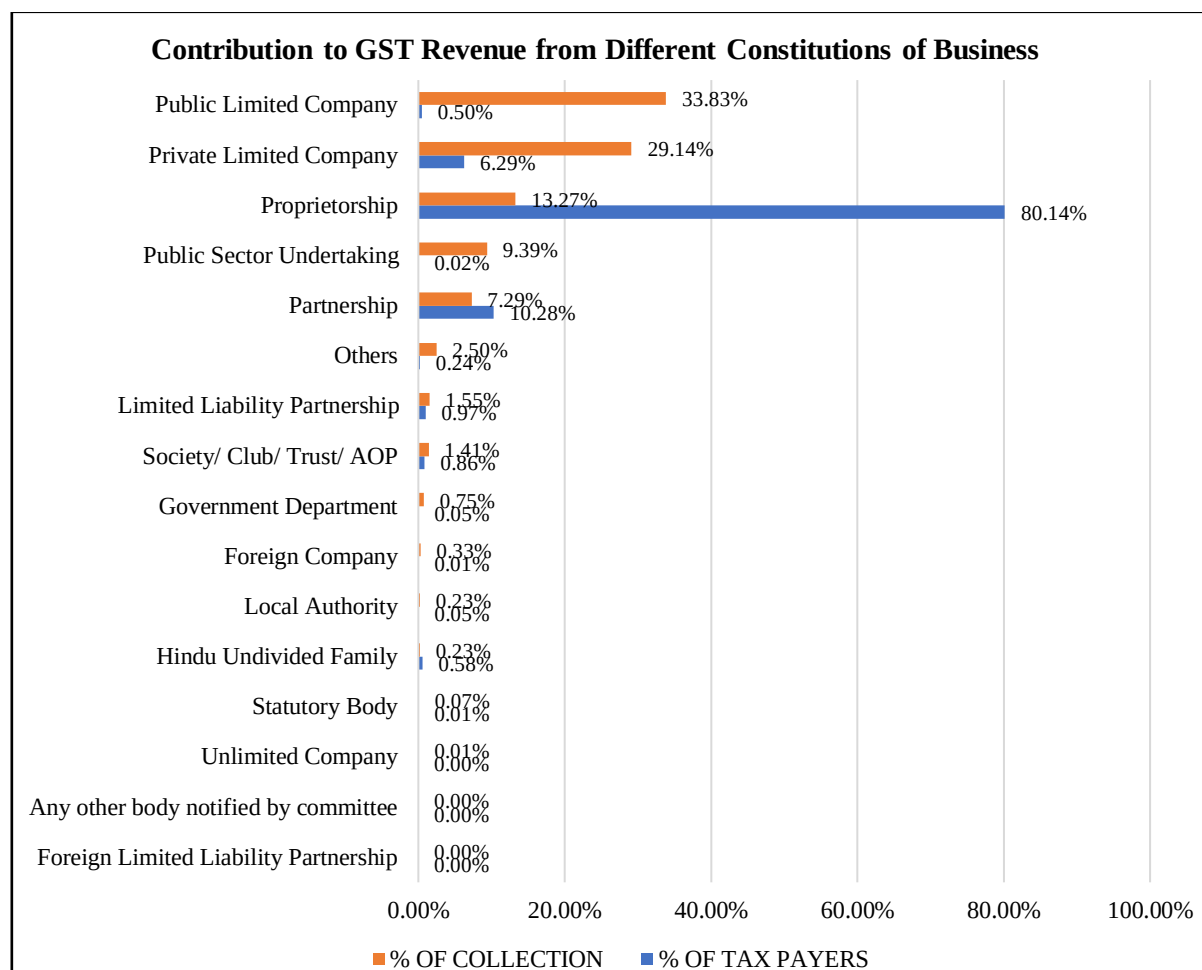


Figure 6 (Source: GSTN)

[*Note • Status as on 30th June 2025; Return period accounted up to March 2025 • Figures doesn't include IGST on imports]

Skewed Contribution of Public Ltd. Companies: Public Limited Companies, though comprising only about 0.50% of the total taxpayer base, contribute the largest share around 33.83% of the total GST revenues.

Smaller Taxpayer Base, Larger Share: Private limited companies having 6.29% of total taxpayer base contribute a much larger share to the total GST revenue (29.14%). This is due to a small number of big businesses having significant amount of turnover.

Large Taxpayer Base, Smaller Share: Proprietorships, which represent the largest portion of the taxpayer base (80.14%), contribute a much smaller share to the overall revenue (13.27%). This is partly due to a large number of small businesses having a turnover below the GST registration threshold or falling under the composition scheme.

Significant PSUs: Public sector undertakings make a significant contribution (9.39%) relative to their small number of registered entities (0.02% of total taxpayer base).

Partnership businesses not so dominant: Partnership businesses contribute 7.29% of total GST revenue with a taxpayer base of 10.28%. It is a notable but not so dominant share in the overall GST collection when compared to other business structures.

Major Contributing Sectors:

- Manufacturing sector is a top beneficiary and contributor to GST revenue, benefiting from easier inter-state movement of goods and reduced logistics costs.
- Information Technology (IT) sector contributes substantially to the overall services portion of GST collections.
- Reforms in Real Estate sector have boosted demand and contribute to revenue growth through the supply of construction materials like cement (28%) and marble (raw-12%, polished 18%), which fall into higher tax brackets.
- The banking and financial services industry is a significant contributor to the overall tax pool, including GST.
- Large corporations in the oil and gas sector correlates with their large-scale business operations that generate substantial GST.
- E-commerce and logistics sectors have seen increased revenue and efficiency under the unified tax regime, contributing to highest GST collection from online transactions and streamlined supply chains.
- Automotive and FMCG industries are also mentioned as key contributors to the tax base, with sales of goods at 18% and 28% GST slab rates generating high revenue.
- The high GST rates on luxury goods and services (18% and 28% slabs) are also a major factor in generating high revenue from related businesses.

5. COVID-19 Pandemic and Turnaround Strategies Adopted:

The COVID-19 waves significantly impacted India's GST collection, causing a steep decline during the initial nationwide lockdown before leading to a phased recovery as economic activity resumed. The first wave caused a major dip in April 2020, while the second wave led to a more muted but still notable drop in June 2021. The pandemic's second and third waves caused disruptions, but their effect on collections was more muted compared to the first wave due to different containment measures and the economy's adaptation.

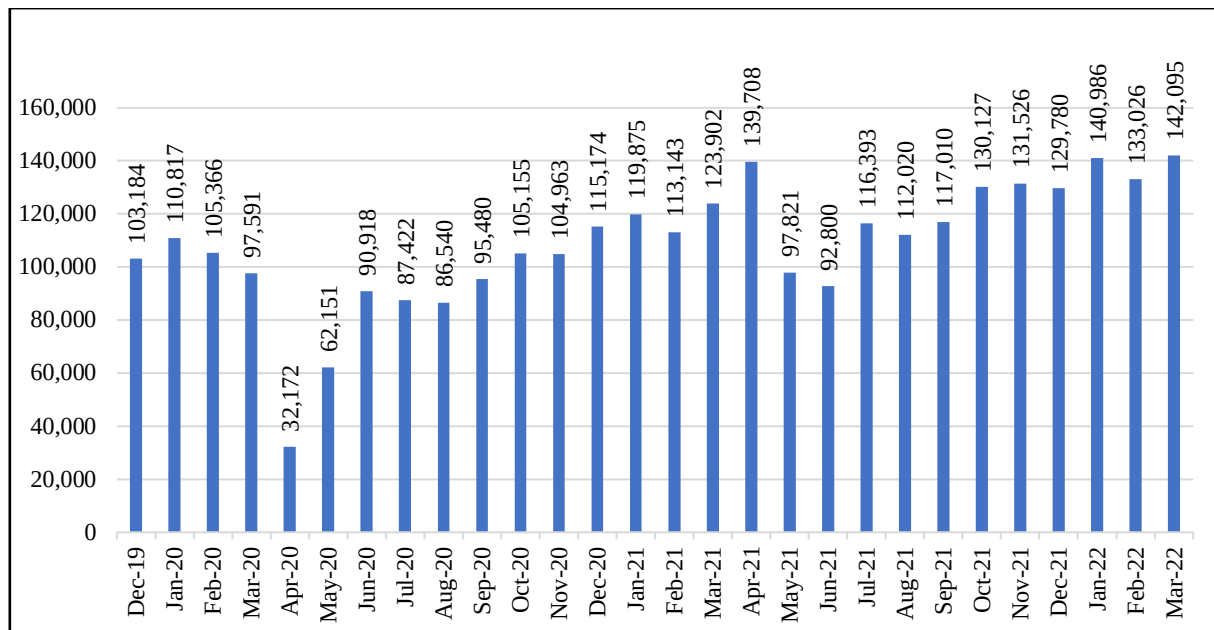


Figure 7 (Source: GST Statistics – GSTN)

Impact of the first wave (March 2020–January 2021): The nationwide lockdown initiated in late March 2020 resulted in a historic collapse in GST collections. With most businesses shut, April 2020 recorded the lowest-ever GST revenue (Figure-7). Some states saw collections fall by as much as 80–90%. The massive revenue drop was driven by economic slowdown and supply chain disruptions, closure of businesses, especially Micro, Small, and Medium Enterprises (MSMEs) and decline in consumer spending due to income uncertainty. To mitigate the impact, the government extended GST return filing deadlines, waived late fees, and offered financial assistance to businesses. As lockdowns eased and economic activity resumed, GST collections began to recover steadily. A significant increase was recorded in September 2020, indicating a revival in economic transactions.

Impact of the second wave (March–May 2021): While the second wave was more virulent and deadly, its impact on GST revenue was more muted and temporary compared to the first wave. This is because states relied on more targeted, localized lockdowns rather than a complete national shutdown. Collections fell below the ₹1 lakh crore mark in June 2021 (Figure-7), following a record high in April 2021, but recovered quickly. The economy demonstrated a faster rebound after the second wave, aided by increased consumer spending and resuming business activities. Factors contributing to the swift recovery included faster economic adaptation, anti-evasion activities by authorities against fake billers and higher compliance and greater digitalization of business operations.

Impact of the third wave (January–March 2022): The third wave, driven by the Omicron variant, had the least disruptive impact on GST collection. India's higher vaccination rates, prior experience with the pandemic, and targeted restrictions meant economic activity was not severely hampered. GST collections consistently crossed the ₹1 lakh crore mark from July 2021 onwards, indicating a strong economic recovery. In March 2022, collections reached an all-time high of ₹1.42 lakh crore, showcasing strong economic recovery. The sustained growth was attributed to the easing of COVID restrictions, economic growth, and government anti-evasion measures.

Relief Measures Announced by Government under GST Law in view of COVID-19:

- **Relief measures taken during First Wave of COVID-19:** Government introduced Amnesty Scheme for Filing Pending/Delayed Returns in which late fee for non-furnishing Form GSTR-3B for the tax periods from July, 2017 to April, 2021 has been capped to a maximum of Rs. 500 per return for taxpayers having no tax liability and Rs.1,000 per return for taxpayers with a tax liability. To reduce burden of late fee on small taxpayers, Government rationalised the late-fee imposed u/s 47 of the CGST Act. The upper limit of late fee is being linked to tax liability/turnover of the taxpayers to take effect from the prospective tax periods. Late fee for delayed filing of GSTR-1, GSTR-3B, GSTR-4 and GSTR-7 have been capped.
- **Relief measures taken during Second Wave of COVID-19:** In view of the challenges faced by taxpayers in meeting the statutory and regulatory compliances under GST law due to the outbreak of the second wave of COVID-19 across the country, the Government has issued several notifications on May 1st, 2021 in order to provide relief under GST laws. The Government has announced various reliefs such as the extension of the due date of GSTR-1, GSTR-4 & ITC-04, waiver of late fees for GSTR-3B, relaxation in the interest rate on delay in filing GSTR-3B, extension in the time limit of various actions under GST, relaxations in availing of Input Tax Credit, etc. As a COVID-19 relief measure, a number of specified COVID-19 related goods such as medical oxygen, oxygen concentrators and other oxygen storage and transportation equipment, certain diagnostic markers test kits and COVID-19 vaccines, etc., have been fully exempted from IGST for donating to the government or on recommendation of state authority to any relief agency.

Challenges faced in last 8 Years:

After eight years of implementation, Indian GST continues to face several challenges. Those are mentioned below:

- Key challenges in the Invoice Management System (IMS) include the lack of timely reconciliation alerts, operational challenges due to integration difficulties and unclear deadlines for hard-locking GSTR-3B liability and Input Tax Credit (ITC).
- The continued exclusion of vital revenue generators like petroleum products, natural gas, electricity, and alcohol for human consumption from the ambit of GST creates a significant gap that leads to cascading taxes in related sectors, e.g., logistics and manufacturing, and limits the seamless flow of input tax credits.
- Multiple tax slabs of India's GST system include 0%, 5%, 12%, 18%, 28%, plus special rates and a compensation cess is often condemned. This complexity leads to frequent classification disputes, litigation, and a higher compliance burden for businesses.
- MSME owners were not equipped to meet the stringent filing procedures and technological requirements of the GST regime. Frequent changes in return formats and a lack of adequate digital literacy in rural areas mean many small businesses must rely on paid professional assistance, increasing operational costs.
- Businesses often face challenges in claiming timely and accurate ITC. Credits can be denied or delayed due to minor procedural errors or non-compliance by suppliers, which blocks working capital and creates an unfair burden on the recipient business.

- The long delay in the operationalization of the Goods and Services Tax Appellate Tribunal (GSTAT) has led to a massive backlog of pending appeals in High Courts, causing prolonged adjudication and legal uncertainty for taxpayers.
- While the digital infrastructure (GSTN portal) has improved over the years, technical issues, slow performance during peak filing periods, and data mismatches can still disrupt timely compliance and result in penalties for taxpayers.
- Issues regarding the distribution of revenue and the end of the GST compensation cess for states have created friction and concerns about the fiscal autonomy and potential revenue shortfalls for some state governments.
- Key challenges in the GST audit/assessment process are hasty demands, lengthy audits and expansive legal interpretations by tax officials

Suggestions:

- Clarity on Invoice Management System (IMS) implementation will secure to unify compliance workflows by providing clear guidance on its operational rollout, tax implications, and transitional support.
- Phased inclusion of key economic sectors, such as electricity, liquor, petroleum and natural gas which are outside the GST ambit, would enhance input credit flow and broaden the tax base.
- The recent introduction of GST 2.0 is expected to simplify the tax structure and reduce classification disputes, and improve consumer transparency, while preserving revenue neutrality.
- Key GST measures supporting MSMEs include quarterly returns with a monthly payment scheme and relaxed thresholds for compulsory GST registration
- Align the GST law relating to Input Tax Credit with the internationally accepted neutrality principle to promote ease of doing business, reduce litigation and ensure that the GST functions as a pure consumption tax rather than a cost to enterprise.
- The recent notification of GSTAT rules and appointment processes are expected to clear the massive backlog of cases, providing a faster and more consistent dispute resolution mechanism.
- Further enhancements to the GSTN, including AI-based analytics for fraud detection, seamless data sharing between different government portals (Customs, MCA), and auto-populated returns, aim to streamline compliance and curb evasion.
- As per the decision of 56th GST Council meeting, the compensation cess will still continue on tobacco and related products until the central government repays the outstanding loan and interest obligations incurred to compensate states for revenue shortfall during COVID-19.
- Enhance coordination among various enforcement agencies e.g., anti-evasion units and adjudicating authorities is an important step toward making GST compliance more streamlined and efficient.
- Moving toward centralised audits and assessments could eliminate jurisdictional inconsistencies and foster uniformity in enforcement, especially for PAN-India businesses.

Conclusion:

Eight years after its roll out, GST has reshaped India's Indirect Tax landscape, driving formalisation and digitalisation on a large scale. The implementation of GST replaced a maze of indirect taxes with

a single, unified system and stands as one of the most transformative milestones in India's fiscal landscape. It made tax compliance easier, reduced costs for businesses, and allowed goods to move freely across states. Proactive engagement with industry has shaped a responsive tax policy framework, aided by timely clarifications. This has contributed to the resolution of several disputes and minimised litigation. By improving transparency and efficiency, GST helped lay the foundation for a stronger, more integrated economy. The function of GST Council has exemplified cooperative federalism, enabling consensus-driven policymaking between the Centre and States. The journey has shown steady and positive momentum, marked by increased stakeholder confidence, improved compliance maturity and stronger alignment. It has positively influenced business operations, particularly through compliance digitisation, supply chain optimisation and enhanced pricing competitiveness. Moreover, the adoption of a simplified GST structure by introducing GST 2.0 – a more streamlined, transparent and growth-friendly tax ecosystem, and wide-ranging rate reduction marks a new chapter in India's GST journey that act as a catalyst for inclusive prosperity and economic transformation.

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