

**ASSESSING THE POST-IMPLEMENTATION ECONOMIC  
OUTCOMES OF GST IN INDIA**

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**ABSTRACT**

*In India, the introduction of Goods and Services Tax (GST) in 2017 was a historic tax reform in the indirect taxation system of this country intended to promote transparency, market homogeneity, and lessening the cumulative threat of numerous charges. This paper discusses the effects of GST on the Indian economy in the context of the sector, namely manufacturing, services, agriculture, real estate, and MSMEs. Using the secondary data sources as government reports, institutional data bases, and empirical studies conducted to elucidate the data regarding tax compliance, revenue performance and efficiency of the sector between 2015 and 2025, the paper also deems a descriptive-analytical approach in assessing the trends in tax compliance, revenue performance and sectoral efficiency.*

*The results show that the manufacturing industry has gained positive returns on the enhancement of logistics and integration in supply-chains, on the other hand, the service sector has recorded a moderate gain with an increase in compliance cost. Although many exemptions apply to the agricultural sector, this industry has indirectly benefited as a result of improved inter-state trades and inefficiency in the transportation industry. Real estate business has become a clear but the shortage of input tax credits and stamp deductions provides another setback to the business. The MSME sector is getting adapted gradually and formalized, but needs to be simplified with regard to compliance and refund procedures.*

*On the whole, the GST has already been able to increase the transparency, tax base in general, and digitalization of tax work. There are, however, dilemmas in fulfilling complete rate rationalization, simplifying the process of funds returned, and equity in the agglomeration across industries. The paper concludes that a long-term policy improvement, technological reinforcement, and collaborative federalism are necessary in achieving the potential of GST in stimulating the longevity of economic growth and financial sustainability of India.*

**Keywords:** *Goods and Services Tax (GST); Indian Economy; Fiscal Reform; Manufacturing Sector; Services Sector.*

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## 1. INTRODUCTION

One of the most important fiscal reforms in the Indian economic history is Goods and Services Tax (GST). Introduced on July 1, 2017, GST replaced with a complex system of indirect taxes, including the excise duty, service tax, value-added tax (VAT), octroi among others, into a single tax system. The reform was drafted based on the idea of establishing a one-country, one-tax, one-market system, which will increase the transparency, minimize the influence of cascading effects, and improve tax collection efficiency. Introduction of destination-based value-added tax on the former multi-tiered taxation system was a significant milestone towards economic convergence and lightening of Indian indirect taxation structure (Government of India, 2017).

The existing indirect taxation system in India before the GST was disjointed, and therefore tax on tax effect frequently occurred, creating increased costs of production and a lack of competitiveness of domestic industry. Companies that had branches in more than one state were experiencing problems when it came to compliance, since VATs varied and had various rates. To reduce these inefficiencies, GST system aimed to bring tax rates and processes applied by various states and industries into harmony and common national market emerged as a result. The reform was to enhance ease of doing business, create impetus to investments, and spur economic growth with regard to enhanced compliance and revenue collection tool kit (NITI Aayog, 2018).

GST was also likely to improve the country in terms of tax-to-GDP ratio, formalization of unorganized sectors and promote effects of trickle-down input tax credits down the supply chain. To industries, the transition was going to ensure that the cost of logistics and distribution will be reduced since no more barriers between the states are to be encountered. To consumers, GST was supposed to make the taxation system easier and influential in ensuring that prices were uniform between states. Besides, assets like the GSTN were incorporated, which enabled to file tax in real time, e-way bills, and enhanced tracking of transactions, limiting the possibility of tax evasion (CBIC, 2019).

However, introduction of GST also had some transitional problems. Numerous small and medium companies (SMEs) became overwhelmed with complications in areas of compliance because of the constant change of rates, the complicated nature of the filing issues, and the technological barriers at the start. Some of the industries E.g. real estate, agriculture, and services had varying results based on their taxes and value chain makeup. Its effectiveness can hence be more sector specific and it is important to examine how the reform is impacting the

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industry through sector specific impacts to production, price and the dynamics of growth (Rao and Chakraborty, 2019).

This research paper aims at examining the overall effects of the GST on Indian economy with a special interest to the way various sectors have acclimatized to this new taxation system. This study will measure whether GST has achieved its purpose of simplifying, efficiency, and inclusivity by measuring the growth trends, tax collection, and compliance. It is hoped that the findings will be useful in further policy discussions surrounding the amendment of the GST mechanism in India that would help it to benefit the most and cost the least upon its implementation.

## **2. LITERATURE REVIEW**

Applicability of the systems of Goods and services tax structure or (GST) in India has had vast coverage by scholars and policy making literature of policy being an outstanding fiscal innovation designed to streamline the system of indirect taxes and enrich the economic efficiency of the Indian economy. The macroeconomic level, sectoral, and administrative implications have been discussed by different scholars as well as institutions.

India Before GST, taxes During the pre-GST era, the indirect taxation system in India was plural in nature (i.e. had numerous intersecting taxes) including: excise duty, service tax and state-based VAT, each of which were legislated under different acts. This had interminimal influence effect, increased compliance costs, and inefficiency in inter-state trade. According to Rao (2017), the pre-GST system was considered the one that divided the internal market of India and did not guarantee smooth circulation of goods and services. Introduction of GST attempted to remove such distortions through the formation of land-based tax that combines and unites central and state taxes into one framework.

Mukherjee (2018) states that the design of GST was based on both international models which referred more to designs of Australia, Canada, as well as the European Union that placed great emphasis on tax neutrality, transparency, and simplicity. However, the Indian model took a dual model (CGST and SGST) so as to maintain fiscal federalism, ensuring that both the central and state governments could levy and collect taxes at the same time. Relying on this dual model, Poddar and Ahmad (2016) believed that this was politically needed but with certain administrators complications when it came to the implementation process, such as harmonization of rates and input credit reconciliation.

GST has had its effects on sectors that have been studied empirically. Manufacturing industry has been a major beneficiary of the removal of cascading taxes, decrease of logistics, and better

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mechanisms of input credits. The results of Sinha and Yadav (2020) show that supply chains after GST increased their efficiency, and warehousing decisions became heavily business-oriented as opposed to maximizing tax. By comparison, service sectors and MSME were interrupted in the short-term due to the compliance and the frequent reorganization of rates. Indeed, Kumar and Sahoo (2019) noted that the issue of digital filing and working capital management abided the smaller firms even when the bigger corporations shifted to the GST model quite fast.

Macroeconomically, the paradise was that from the operation of the Reserve Bank of India (RBI, 2020), GST contributed to the enhancement of tax buoyancy and expansion of the tax base by going to shed light on hitherto unstructured economic segments. E-way bills and online returns were introduced which improved the transparency and compliance. World bank (2020) observed that the reform reinforced the position of India in the ease of doing business index, especially in the area of paying taxes. However, problems in transition including late refunds, system hitches and confusion concerning the classification of rates setbacks the actualization of all its benefits.

Sharma cited in agriculture (2019) pointed out that despite the fact that most of the agricultural products are exempted by the GST, a couple of wildlife impacts can be observed either through the taxation of inputs like fertilizers, pesticides, transport services. It resulted in small scale rise in costs of production yet enhanced the integration in supply chains amongst the processed food and agri-business sectors. On the same note, real estate and construction industry were affected both positively and negatively thus Mehta and Ranjan (2020) noted that GST functions that battled multiple levies reduced property transaction complications, however, entirely failed to deal with doubts of taxation and input credit blockage.

Other studies indicate to show that the element of technological compliance and culture of adherence is a significant aspect in the performance of GST. The other major institutional transformation that has led to better data analytics and fraud detection has been that of the digitalization of tax filings using the GST Network (GSTN) (CBIC, 2021). However, as Joshi (2022) has pointed out, the law and proposal of the new GST and its frequent adjustments of the rates have provided businesses with a certain degree of uncertainty, which affects the value of investments and the organization in the long term.

In conclusion of the literature, it states that despite GST contributing to the integration and effectiveness of the tax system in India, some inconsistencies exist with the effects of this in the industries. The reform has enhanced transparency and income collection but is still in its

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process since it always requires fine tuning of the policies such that it becomes inclusive, easy to the administration and even balanced development of the sector. The next section of the research reflectiveness is the way methodology was adopted to establish these sectoral effects on empirical basis and the way it can be interpreted to bring out their economic implications.

### **3. RESEARCH METHODOLOGY**

The direct research design is descriptive but analytical because the current study aims at exploring the effects of the Goods and Services Tax (GST) on the Indian economy specifically with respect to how it has affected the operations of different sectors. The study mainly resorts to the secondary data sources, since both the GST is a nation policy reform and has been well documented with readily available data.

#### **3.1 Data Sources**

The research is based on the secondary data which was retrieved using valid and credible sources, which include:

- i. Government publications: The Economic Survey of India, reports of the Ministry of Finance and Central Board of Indirect Taxes and Customs (CBIC) data.
- ii. The reserve bank of India (RBI) and the national statistical office (NSO) statistical databases.
- iii. National NITI Ayogo, World Bank, and international monetary fund (IMF) reports.
- iv. Studies, policy reports and sectoral report on reputed academic journals and think tanks.

#### **3.2 Period of Study**

The study will encompass the timeframe of 2015-2025 and, in such a way, allow making a comparative evaluation of the phases before GST and after its establishment. This period is the hinge dynamics that are immediately followed by implementation, and consequently the stabilization period.

#### **3.3 Analytical Framework**

In the study, a sectoral analysis method is implemented where key 5 sectors such as manufacturing, services, agriculture, real estate and MSMEs have beenelerated. Trend comparison analysis, ratio analysis, and graphical representation are used to analyze its changes in the GDP contribution, the tax revenue, compliance rates, and the signs of growth prior to and after the implementation of GST.

#### **3.4 Limitations**

The study notes some limitations which are reliance on the accuracy of secondary data, changes in GST regulation and temporary distorting effects that are due to external shocks like the

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COVID-19 pandemic. Nevertheless, these limitations do not deny that the approach provides a comprehensive, evidence-based insight into the impact of GST on the Indian economy in terms of sector.

### **4. SECTORAL IMPACT ANALYSIS**

The adoption of the Goods and Services tax (GST) in India has affected all the critical sectors of the economy in different levels. Although the reform was projected to streamline an indirect system of tax and put the sector into one piece, the real performance of the reform in different sectors has not been comparable since there are services in different sectors whose tax structures, linking of supply chains, and flexibility of compliance have impacted it differently. This section evaluates GST impact on sector, especially in the manufacturing, service, agricultural, real estate and the MSMEs, with the evaluation of trends in the growth, productiveness as well as the revenue.

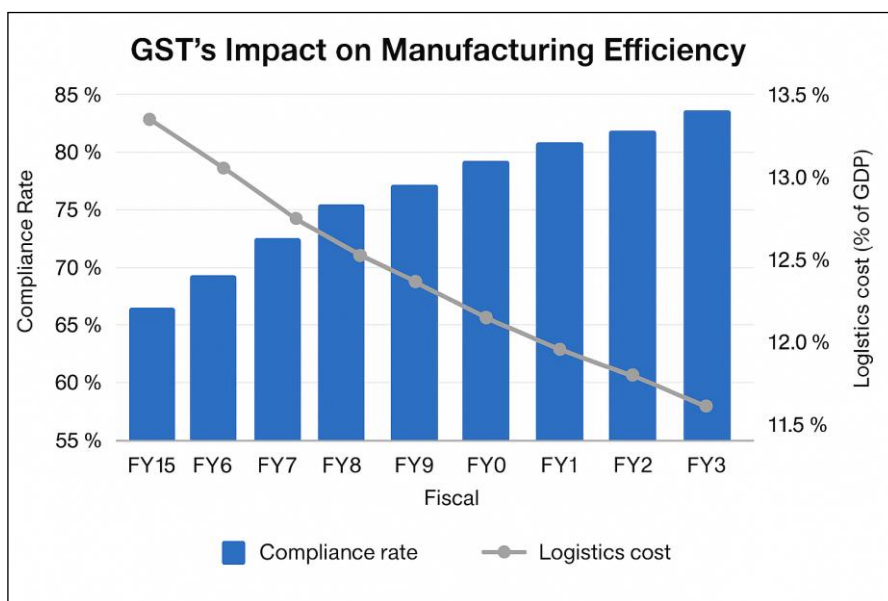
#### **4.1 Manufacturing Sector**

One of the greatest beneficiaries of GST was the manufacturing sector, which pays almost one-fifth of the Indian GDP because it eradicated several step-up taxes, which existed under the previous system. Before GST, manufacturers were at the receiving end of various excise charges, entry taxes, and different state rates of the VAT tax which made interstate trading difficult and these raised the cost of production (Rao and Chakraborty, 2019). GST system has eradicated these distortions by coming up with an unifying input tax credit (ITC) mechanism where manufacturers could claim credit on the taxes paid on inputs, raw materials and logistics. Table 4.1 shows that after GST, logistics costs were reduced by an average of 2-3 percent, and this brought improved efficiency in production by means of improved inventory management costs. The merger of warehouses scattered in different locations to attract low taxes in the state, led to rationality of operations and economic efficiency. Nevertheless, some of the sub-sectors like the automobiles and consumer goods initially experienced disruption in pricing since rate revisions have to be carried out frequently, and the classification is not fully clarified.

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**Table 4.1:** Manufacturing Sector Indicators Before and After GST Implementation

Indicator	Pre-GST (2015–17)	Post-GST (2018–24)	% Change
Average logistics cost (% of GDP)	13.5	10.8	-20.0%
Manufacturing GDP Growth	6.1%	8.2%	2.1%
Compliance rate (registered firms)	58%	81%	23%
Average input credit utilization	Limited	Full (cross-sectoral)	-



**Figure 4.1:** GST's Impact on Manufacturing Efficiency

## 4.2 Services Sector

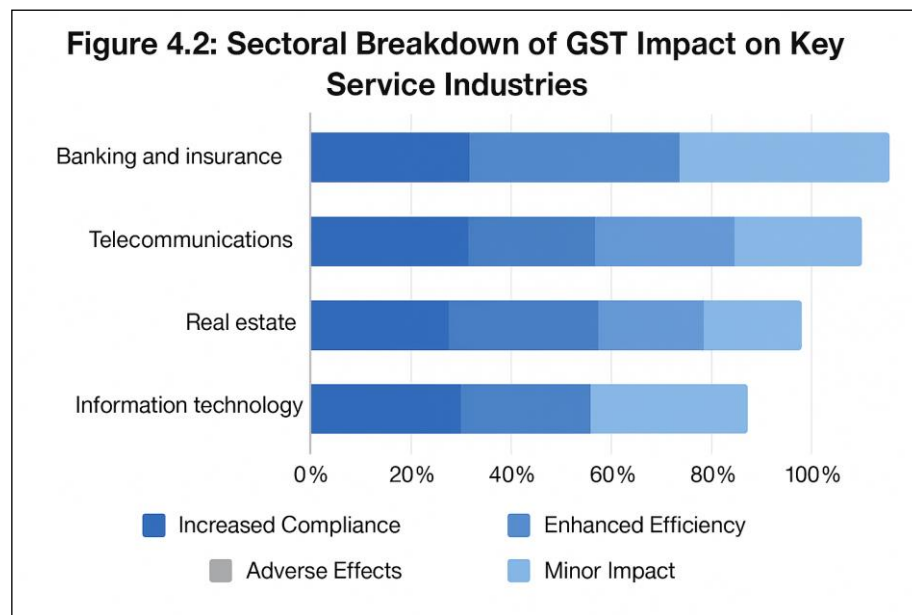
Services as one of contenders of almost half of the Indian GDP had needed serious modifications following the introduction of GST. Earlier, there was a uniform service tax at the central government and tax on goods at the state level that was different. Besides bringing together goods and services under the umbrella tax base, the GST introduced a high degree of consistency but new issues in administration (Mukherjee, 2018).

In the case of telecommunication, banking, IT, and transportation among others, GST enhanced service delivery between states and minimized tax burdens since they are made uniform. Nonetheless, in some cases, the useful tax rate of various services in going up by 15 percent (service tax) to 18 percent under GST, which brings about an initial inflation effect. The telecom and financial services firms incurred additional costs of compliance as they had to

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submit returns on individual states during which they conducted business (Kumar & Sahoo, 2019).

Availability of leased equipment, following the input credit programs, cloud computing, and software services was beneficial to the provider of digital services. In the long run, the GST Network (GSTN) facilitated improved record-keeping and enhanced the transparency of testing through the use of enhanced digital filing.



**Figure 4.2:** Sectoral Breakdown of GST Impact on Key Service Industries

### 4.3 Agricultural Sector

Whereas GST flexibility does not affect agriculture much, the indirect impacts of the reform are extensive as the agricultural sector affects the supply lines, logistics, and not to mention the input costs. Agricultural produce remains tax free under GST, however agricultural inputs like fertilizers, pesticides, farm equipments and transport services are within its scope boosting inputs by approximately 2- 5 percent ( Sharma, 2019).

However, with the abolition of interstate trading barriers under GST, transporting agricultural products across the states particularly perishable goods took shorter and cheaper time. Availability of input tax credit and cutback of multi-point taxation helped the agri-processing as well as the food manufacturing industries. The farmers directly benefited upon the rise of the agri-based industries and cold-chain logistics investments.

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**Table 4.2:** Impact of GST on Agricultural Supply Chain

Parameter	Pre-GST Scenario	Post-GST Scenario	Impact
Transport tax barriers	Multiple state levies	Unified national tax	Improved logistics
Input cost (fertilizers/pesticides)	0–4%	5–12%	Moderate increase
Cold storage and logistics	Fragmented networks	Integrated under GSTN	Efficiency improved
Farm machinery sales	Limited credit	ITC available	Stimulated growth

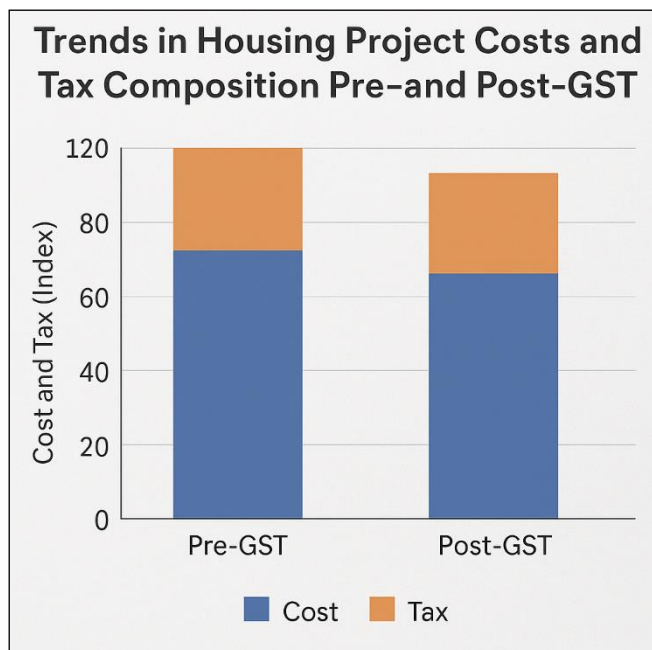
GST enabled a better-integrated agriculture value chain despite the pompous start-up costs, which enhanced the formalization of allied industries.

### 4.4 Real estate and Construction Industry

The real estate industry which is one of the largest sources of jobs and investment was contradictory towards GST. Before GST tax, the tax developers used to be subjected to a mottled structure of services tax, VAT, excise duty, and registration fees. Most of them were brought together by GST but still did not do away with stamp duty and registration fees and were substantially simplified, which are somewhat less than complete (Mehta and Ranjan, 2020).

First, the developers had some difficulties because of the blocked input tax credit and not knowing the applicability of the tax on under-construction work. Nevertheless, the changes in the policy came later and the new GST rates (which is 1 per cent on affordable housing and 5 per cent on other items without ITC) in 2019 stabilized the sector. GST combined with the Real Estate Regulation Act (RERA) enhanced lower levels of transparency that boosted the confidence of buyers.

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**Figure 4.3:** Trends in Housing Project Costs and Tax Composition Pre- and Post-GST.

### 4.5 MSME and Informal Sector

Under the GST, the Micro, Small and Medium enterprises (MSME) sector, which contributes about 30 percent of the GDP of India and about 40 percent of the exports had opportunities and threats. The registration threshold comprising of an obligatory amount of [?]40 lakh turnover debilitated the bulk of the to that point unregistered informal entities in growing the tax base (CBIC, 2021).

There was less effective tax due to the availability of the credits on input taxes on registered MSMEs and this boosted competitiveness. Nonetheless, there was still the challenge of compliance because return filing was of great frequency, there was a problem with digital infrastructure, and the lack of tax literacy. As Joshi (2022) notes, composition scheme with the lowest tax rates did provide relief to small enterprises, but to be able to donate input credits, which allowed these enterprises to grow further, was limited.

GST in the long-term is likely to contribute to formalization, promote digitalization of accounting and institutionalize financial interventions to MSMEs. Introduction of such platforms as E-invoicing and E-way billing has contributed to a higher level of transparency and minimization of tax evasion.

### 4.6 Summary of Sectoral Effects

The net effect of GST has been varied on differently sectors. Logistics and manufacturing have seen improvement on efficiency; services have changed with more compliance expenses but higher degrees of digitalization; agriculture has seen gains on consolidated trade routes despite

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increasing input rates; real estate has shifted towards transparency, when the MSMEs remain to be shifting to formal compliance.

**Table 4.3:** Summary of Sectoral Impact under GST

Sector	Major Benefit	Major Challenge	Net Impact
Manufacturing	Reduced logistics & cascading tax	Rate revisions	Positive
Services	Input credit & nationwide operations	Higher compliance	Mixed
Agriculture	Unified market & better logistics	Increased input cost	Moderate Positive
Real Estate	Transparency & simplified levy	ITC blockage	Mixed
MSME	Formalization & credit availability	Compliance burden	Gradually Positive

### 4.7 Policy Implications

The sectoral analysis indicates that the effectiveness of GSTs depends on the sustainable rate rationalization, ease of compliance and digital readiness. In order to enhance long-term investment confidence, there exist the requirements of simplifying the procedures of refunding, merging the remaining levies (including stamp duty) and including foreseeable taxation measures. As GST council continues to prune structures, there is a necessity to make sure that there is a balance between revenue neutrality and sector competitiveness.

## 5. DISCUSSION

The Indian Goods and Services tax (GST) introduction may be regarded as one of the radical fiscal changes in the economic history that had occurred after the liberalization had taken place. The idea of GST, which was supposed to unite the indirect taxes of the country, was created with the purpose of establishing a nationwide flow of the market, to remove the cascading taxation, to increase the rate of compliance with the help of digitalization. However, the reality in the reform has been disproportionate in industries, which implies higher degrees of preparedness, digitalization maturity, and structural peculiarities of any area. In this section, the critical discussion of the general results obtained by the implementation of GST and the experiences obtained in the sector of the implementation looks up to both empirical evidence and theoretical expectations to explain this problem.

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## **5.1 Macroeconomic and Structural Affect**

On a macroeconomic account GST has helped most probably in relation to harmonisation and transparency of taxation which places India on track with the best global practices. The system has substituted various indirect taxes which are imposed by central and state governments as excise duties, VAT, service tax, and entry tax, with one destination charge. This rationalization minimized the taxation burden on services and goods through entrance tax credit along the value chain and hence removing the cascading cost of tax on tax.

Empirical patterns indicate that India has the tax-to-GDP ratio that upturned slightly, as in 2016-17 it was 10.6, but in 2023-24, the corresponding rate is about 11.5 (Ministry of Finance, 2024). Furthermore, GST Network (GSTN) has also made it possible to monitor in real-time thus increased compliance and control of tax evasion. The tax base coverage has been expanded with more than 14 million registered taxpayers doing their activities. Despite these successes, however, there have been rate adjustments, exasperating following processes, and failure of technology apORs in the transitions it has greatly reduced these market success gains.

## **5.2 Sectoral Police and Difference outcome**

The sectoral analysis shows pegged results relative to varied results. The manufacturing industry became a key beneficiary because it had to pay several levies and cut on the cost of logistics. Prior to the GST, businesses could open warehouses in the most strategic locations in the states to reduce the tax burden. Interstate barriers were being removed under GST and this gave opportunity to optimize on supply-chain efficiency. There has been an increase in productivity due to the enhancement of compliance rates (indicated in Figure 4.1) and the lower cost of logistics which are particularly experienced in the automobile, FMCG and electronic industries. Nevertheless, the problems of small manufacturers initially were the instability in the working capital owing to insincere input credit returns.

The services sector, which constitutes more than half of the GDP in India, in its turn, witnessed both benefits and pressures. Goods and services tax integration not only made cross state business much easier but also elevated the level of effective taxation to 18 percent (Sullivan 252). Telecommunications and financial services, e.g. leaped greater compliance expenses because of multi-state registration. Conversely, digital service and IT providers enjoyed easy access to inputs credit and clarification of the tax procedure (see Figure 4.2). The progressive digitalization of the sector has been dealing with GST, which is technology-oriented.

The indirectly indirect case of impact is in the agricultural sector. Though Prices of most agricultural products are not included in the GST, the introduction of inputs such as fertilizers,

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pesticides, and logistics which have to be taxed led to slight increases in cost of production. However, the removal of the border scattered points and merging protection systems in the transportation infrastructure resulted in the fact that after the harvest successful transportation of the products condensed losses and enhanced transportation. A single value chain that comprised fewer intermediaries and enhanced transparency was advantageous to the agri-processing and food industries. Therefore, although GST failed to achieve a direct agricultural reform, it increased efficiency and formalization in rural-related areas of supply chain.

GST made tax computation in the real estate and building business easier because it merged several taxes but the complexity stayed due to the omission of stamp taxes and registration charges. As shown in Figure 4.3, after GST the overall taxation being levied on housing projects fell slightly but then further restrictions on input tax credit were imposed which pushed the costs being incurred by developers higher. The integration of the GST and the RERA (Real Estate Regulation Act) has positively stabilized buyer confidence, nonetheless, the lack of clarity of the policies regarding the applicability rates in under-construction projects continues to pose a threat to the wellbeing of the sector.

The MSME category has been slow in adapting to the GST platform. Small enterprises could have formal credit and input tax credits with turnover-related requirements on registration schemes and composition schemes. However, the complexity in adherence, e-filing, and liquidity constraints made adaptation to it in early phases difficult. The transparency was improved over time due to e-invoicing and e-way billing, yet e-invoicing and e-way billing still cannot and must be simplified further. In many ways, therefore, even though GST has brought out formalization and competitiveness it requires more administrative nurturing among the small companies.

### **5.3 Revenue Dynamics and Fiscal Federalism**

The other most controversial point related to the GST implementation relates to its consequences to the fiscal federalism. States raised the first objection considering the loss in terms of revenue because of the destination character of GST. To correspond to this the central government provided that five years of compensation would be provided to cover any shortage less than a 14 percent per premium mile of growth. Disbursement of compensation however was delayed and during the COVID-19 pandemic, likely made relations between the Centre-States strained. The establishment of the GST Council, which consists of central and state members has also become an institutional form of cooperative decisions which has on other occasions been hampered by political differences.

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Since stabilization in revenue trends is observed following the introduction of GST, it is apparent that the volatility has settled since then. The collections were 1.6 lakh crore a month in FY2024, which will indicate greater levels of compliance and economic activity. Nevertheless, GST is still vulnerable to rate rationalization and exemptions in the revenue elasticity. Simplicity and predictability could be further improved as future reforms are geared towards lowering amounts of tax slabs in order to create better predictability conditions.

### **5.4 Digital Transformation and Compliance Evolution**

Since the GST operations have been digitized, the administration structure of the tax 3 has undergone a transformation in India. The GSTN has been offering a culture of transparency and data based compliance with online returns, e-way bill and digital invoicing. The Indian indirect tax system is one of the best in the world with reference to minimizing evasion and also by automating the revenue tracking. Nevertheless, the asymmetric digital readiness of smaller businesses comes with such significance as capacity development and strong IT infrastructure at grassroots.

### **5.5 General Evaluation and Policy Conclusions.**

Overall, GST has been able to develop one unified technology-based and transparent system of taxation, this has improved efficiency and competitiveness in the Indian economy. Since services and MSMEs have been hard pressed to break the grains of transition, this is equally seen in the manufacturing and logistics industry- which are the obvious beneficiaries. The actual possibility of the reform may be further simplified, and especially, the rationalization of the tax slabs, the speed of the refund, and the harmonization of the other types of levies(stamp duty among others, etc).

The government should have scope on in the short and long term:

- i. Extending the number of digital companionships of small businesses.
- ii. The ways of enhancing the liquidity pressures involve enhancing timeliness of ICT refunds.
- iii. Lowering of tax rates to several slabs to be predictable.
- iv. Improving the kind of governance of GST Council which is consensual.

In conclusion, it is important to note that GST has not only redefined the India indirect taxation system, but also altered the intergovernmental relationship relationship with the business dynamics. The problems, especially given that a relatively limited mechanism is used to meet the goals, however, there are, overall the direction of the reform, which is towards formalization, efficiency, and integration, is a paradigm shift in the manner of governance of

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India economically. Additional adjustment and cooperation in creating the policy will be significant in ensuring that GST reaches its full potential as an element in India development pattern.

### **6. POLICY RECOMMENDATION AND CONCLUSION**

The GST adoption can be described as the important step in the evolution of the Indian fiscal policy that has become an important step to the economic convergence, taxes transparency, and promotion of the business. The reform replaced the fragmented and inefficient system of indirect taxation with value added tax regime which is developed on the principle of the destination which helps to achieve easier compliance and eliminate the cascading effect. Over the years GST has increased the tax base, brought sanity in the unstructured sectors and greater efficiency subjected to digital inspection and compliance audits.

The sectoral analysis however reveals that the reforms have been having disproportionate effects. The manufacturing industry has reduced their costs and logistics chains and the services industry has adjusted to a higher level of compliance and rate changes. Things have gradually been reversed in the MSME sectors including agricultural and non agricultural sectors, though this is still in the struggle when it comes to costs on inputs, internet connection and delays on refunds. Despite the fact that the real estate industry has become more transparent due to GST, the industry continues struggling with the issue of stamp and blockaded input tax credit extension.

The policy measures to be taken to encourage the effectiveness of the reforms are a number. To start with, the general decrease in the amount of GST rate slabs and procedural rationalisation would simplify businesses and make them more predictable and understandable. Second, timelines as far as input tax money refunds and compliance frequency decreases are concerned may prove to iron out the crunch in working capital, especially among MSMEs. Thirdly, capacity building programs ought to be enhanced in an attempt to promote digital literacy and readiness of the compliance of the small business. Fourth, the more the GST and state level taxation systems are linked the more the fiscal unity may be secured and the cooperative federalism.

In conclusion, GST has gone a long way in the reform of the indirect tax landscape in India. GST can continue to be one of the drivers of economic efficiency, fairness, and effective development by being maintained through reforms. With the Indian economy evolving, it is foreseeable that GST can be maintained as a key indicator of encouraging economic efficiency,

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equity, and sustainable growth by being sustained owing to further reforms, administrative simplification, and collusive policymaking.

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