

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

Goods And Services Tax 2.0 Reforms In India With Regard To Different Sectors -A Study

Dr. YELLASWAMY AMBATI

Post Graduate Teacher in Commerce,

Telangana Model Junior College, Zaffergadh, Jangaon District, Telangana State.

Abstract

The introduction of the Goods and Services Tax (GST) in India in July 2017 marked a historic overhaul of the indirect tax regime, integrating numerous central and state levies into one unified tax. While the initial implementation of GST brought widespread benefits, structural limitations and sectoral bottlenecks have prompted the evolution of **GST 2.0**-a roadmap of reforms designed to improve compliance, expand tax base, ease procedural burdens, and leverage technology for transparency. This research article critically examines GST 2.0 reforms, their rationale, and implications across major sectors of the Indian economy, including manufacturing, services, agriculture, e-commerce, real estate, healthcare, MSMEs, logistics, and exports. The article assesses policy measures such as simplified returns, revised rate structures, input tax credit rationalization, anti-profiteering measures, and dispute resolution mechanisms. It further evaluates technological upgrades like the GST System NextGen (facilitating ease of doing business), Application Programming Interfaces (APIs), and QRMP scheme enhancements. Sectoral analysis highlights how GST 2.0 reforms address compliance cost, tax cascading risks, competitiveness, and formalization challenges while suggesting future directions. The research underscores that GST 2.0 is not merely an administrative update but a strategic instrument for inclusive economic growth. The article concludes that while notable progress has been achieved through these reforms, sustained policy recalibration and intergovernmental cooperation remain critical to optimizing the GST's impact on India's diversified economic landscape.

Keywords: GST 2.0, Goods and Services Tax, Tax Reform, India, Sectoral Impact, Compliance, Input Tax Credit, Digital Tax Systems, Economic Growth

18National Conference On “*Contemporary Issues In Global Business Management Practices*”25 &26 February,2026 by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

Introduction

The introduction of the Goods and Services Tax (GST) in 2017 was a landmark reform in India's indirect tax system, aimed at unifying the national market and simplifying taxation. However, the initial years of implementation highlighted several challenges such as multiple tax rates, complex compliance procedures, revenue leakages, and technological issues. To address these concerns and to strengthen the GST framework, the Government of India initiated the next phase of reforms known as **GST 2.0**. GST 2.0 reforms focus on making the tax system more streamlined, transparent, and efficient. Key objectives include rationalization of tax slabs, simplification of return filing and compliance processes, stricter input tax credit rules, and increased use of digital technology for monitoring and administration. These reforms aim to reduce the burden on businesses, enhance tax compliance, and ensure stable revenue for both the Centre and the States. Overall, GST 2.0 represents a significant step toward building a mature, robust, and growth-oriented indirect tax regime in India.

OBJECTIVES OF THE STUDY:

The Principal Objectives of the study are as follows:

1. To Know the Historical context of GST reforms
2. To Analyse the GST's foundational objectives
3. To Study the Concept and Scope of GST 2.0 reforms
4. To Explain the Sector wise reforms
5. To Analyse the Next-Generation GST Benefits
6. To Examine the Challenges of GST 2.0 Reforms
7. To Identify Why GST is a Milestone
8. To Offer Conclusion

Research Objective and Methodology:

This research aims to provide a **comprehensive analysis of GST 2.0 reforms and their implications across major sectors** of the Indian economy. The study utilizes a mixed-method analytical approach, combining:

- **Policy document review** of GST Council recommendations, Central Board of Indirect Taxes and Customs (CBIC) circulars, and government notifications;
- **Secondary data analysis** of economic reports, sectoral performance indicators, and compliance statistics;
- **Comparative review** of pre- and post-reform sectoral outcomes;

19National Conference On “Contemporary Issues In Global Business Management Practices”25 &26 February,2026 by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

-
- **Thematic scrutiny** of transparency, compliance, litigation, and business sentiment impacts.

The research places particular emphasis on understanding how GST 2.0 reforms influence sector-specific challenges and opportunities, enabling better policy calibration.

Historical context of GST Reforms:

The Goods and Services Tax (GST), introduced on 1st July 2017, is India's most significant indirect tax reform since Independence. By bringing together multiple central and state taxes into a single, unified system, GST created a common national market, reduced the cascading of taxes, simplified compliance, and improved transparency. Over eight years, GST has steadily evolved through rate rationalisation and digitalization, becoming the backbone of India's indirect tax framework. The 56th meeting of the GST Council, chaired by Union Finance Minister Smt. Nirmala Sitharaman has now approved Next-Gen GST reforms, with focus on improving the lives of the common man and ensuring ease of doing business for all, including small traders and businessmen. In his Independence Day address, Prime Minister Narendra Modi had announced-“The government will bring Next-Generation GST reforms, which will bring down tax burden on the common man. It will be a Diwali gift for you.” The reforms, he said, would directly benefit the common man, farmers, MSMEs, women, youth, and middle-class families, while strengthening India's long-term growth. The Goods and Services Tax (GST) signified one of the most consequential tax reforms in India's economic history. Effective from July 1, 2017, GST replaced a fragmented array of indirect taxes previously levied by the central and state governments-such as VAT, excise duty, service tax, and various cesses. This transition aimed to create a unified, destination-based tax structure to enhance economic efficiency and promote business formalization.

GST's foundational objectives were to:

1. **Eliminate multiple taxation** that resulted in tax-on-tax cascading effects.
2. **Simplify tax compliance** to reduce cost of compliance and encourage tax participation.
3. **Harmonize tax administration** across states to improve ease of doing business.
4. **Broaden the tax base** through enhanced digital reporting and tracking.

While the reform delivered significant benefits in its initial phase, certain structural rigidities remained. Business communities, policy observers, and government

20 National Conference On “Contemporary Issues In Global Business Management Practices” 25 & 26 February, 2026 by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

advisory councils recognized the need for a next phase of reforms-termed **GST 2.0**-to address lingering issues around complexity, sectoral exemptions, compliance costs for small businesses, and litigation challenges.

GST 2.0: Concept and Scope:

GST 2.0 is not a standalone legislative overhaul but rather a set of calibrated policy, procedural, and technological reforms intended to refine the GST ecosystem. The primary goals of GST 2.0 include:

- **Simplification of compliance processes**, including easier return filing and reduced frequency for small taxpayers.
- **Rationalization of tax slabs and rate structures** to reduce classification disputes.
- **Improved input tax credit (ITC) mechanisms** to ensure smoother credit flow.
- **Technological upgrades** that leverage automation, data analytics, and real-time reporting.
- **Dispute resolution and litigation reform** to reduce taxpayer uncertainty.
- **Sector-specific adjustments** to support growth and competitiveness.

Over recent years, the Government of India and the GST Council have initiated several key reforms under the GST 2.0 banner-such as the introduction of the **QRMP scheme** (Quarterly Return filing for Monthly Taxpayers), implementation of **auto population of returns and invoices**, e-invoicing mandates for higher turnover classes, continuous refinement of SAC/HSN code clarity, and measures to curb tax evasion through improved compliance analytics.

Section I: Overview of GST 2.0 Reforms

GST 2.0 reforms can be classified into three broad categories:

1. Procedural Simplification

- **Reduced return filing frequency** (e.g., QRMP scheme for small taxpayers).
- **Auto-population of GSTR-2B for ITC reconciliation.**
- **E-invoicing thresholds expansion** to enhance digital invoice authentication.
- **Simplified registration and amendment processes.**

2. Rate Rationalization and Sector Relief

- **Review of GST rate structures** to remove anomalies and reduce classification disputes.

21National Conference On “*Contemporary Issues In Global Business Management Practices*”**25 &26 February,2026** by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

-
- **Exemptions and zero-rating for key sectors** such as exports, essential goods, healthcare, and agriculture inputs.
 - **Reduction of rates for selected segments (e.g., small restaurants, specific goods).**

3. Technological Integration

- **NextGen GST System deployment** to streamline backend processes.
- **APIs for seamless integration** with accounting software.
- **Artificial Intelligence and analytics** for compliance tracking and fraud detection.

These reforms collectively strive to reduce compliance costs, improve predictability, and expand the formal tax base without imposing undue burden on smaller enterprises.

Section II: Sectoral Impact of GST 2.0 Reforms

A. Manufacturing Sector

Pre-GST and Early Phase Challenges

The manufacturing sector historically suffered from tax cascading due to multiple layers of indirect levies. While GST significantly reduced this cascading effect, issues remained regarding:

1. **Complex classification disputes** due to broad HSN categorization.
2. **ITC blockage** for certain capital goods and inputs.
3. **Logistics cost burdens** due to compliance requirements across states.

GST 2.0 Reforms and Impacts

The GST 2.0 phase has introduced several measures that directly benefit manufacturing:

- **ITC Rationalization:** Auto-generated GSTR-2B provides predictable ITC data, minimizing disputes and reconciliation burdens.
- **E-Invoicing Expansion:** Real-time validation of invoices improves transparency and reduces invoice mismatches that previously blocked ITC claims.
- **Rate Rationalization:** Placement of raw materials and intermediate goods under appropriate tax slabs to minimize tax cascade.

These reforms have helped:

- Enhance **cash flow predictability** by reducing delayed credit claims.
- Lower classification disputes due to clearer guidelines.
- Facilitate compliance through integrated software APIs.

22nd National Conference On “Contemporary Issues In Global Business Management Practices” 25 & 26 February, 2026 by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

Case Examples

- **Automobile Components:** Simplified classifications of auto parts and smoother ITC flows have reduced working capital requirements.
- **Textiles and Apparel:** Rationalized rates on inputs such as fabrics and accessories reduced production costs.

Continuing Challenges

Despite improvements, manufacturing MSMEs still cite:

- High compliance costs relative to revenue.
- Complexity around transitional credits and inverted duty structures that affect profitability.

B. Services Sector

Pre-Reform Landscape

The services sector in India includes professional services, IT/ITeS, hospitality, finance, and logistics services. Prior to GST, service tax was levied at a single rate, but the multiplicity of VAT rates on goods used in services caused irregular tax incidence.

GST 2.0 Reforms and Sector Impacts:

Key reforms under GST 2.0 for services include:

1. **Simplified Return Filing:** For many service providers, QRMP scheme reduces filing burden.
2. **Clarity on Place of Supply Rules:** Essential for services rendered across states or international clients.
3. **E-Invoicing Adoption for Large Service Providers:** Ensures automated compliance and reduces audit burdens.
4. **Rate Rationalization:** Review of rates between 5%, 12%, 18%, and 28% for certain services.

For example:

- **Hospitality and Restaurants:** Reduction in GST rates and more precise HSN classification simplifies compliance.
- **IT/ITeS:** Export of services continues as zero-rated, providing competitive edge to global contracts.

Impact on Competitiveness

By reducing tax uncertainty and improving compliance interfaces, service providers experience:

- Lower compliance costs,
- Better transparency for multi-state operations,

23rd National Conference On “Contemporary Issues In Global Business Management Practices” 25 & 26 February, 2026 by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

- Expanded market access due to streamlined cross-border supply treatment.

However, medium firms still face issues with late refunds and complex classification benefits.

C. Agriculture and Allied Sectors

Pre-GST Challenges

Agriculture products were largely exempt from GST; however, inputs such as fertilizers, pesticides, and farm equipment attracted taxes, creating cost burdens.

GST 2.0 Reforms for Agriculture

Reform measures include:

- **Zero rating of key agricultural products** and primary inputs.
- **Special procedures for ITC claim in agriculture** to avoid credit blockages for farmer-centric businesses.
- **Rebate mechanisms** for supply of agriculture produce to processors/exporters.

Impact Analysis

- **Small farmers** generally remain outside GST registration unless in value-added supply chains.
- **Agro-processors** enjoy better ITC flows, enabling investment in cold chain and logistics.
- **Input cost reduction** through rate rationalization for seeds, fertilizers, and machinery.

Challenges and Policy Gaps

- Limited GST benefit realization for small farmers due to informal supply chains.
- Need for linkages between GST and agricultural marketing reforms.

D. Micro, Small & Medium Enterprises (MSMEs)

Overview

MSMEs constitute a backbone of the Indian economy but have historically faced compliance struggles due to multiplicity of taxes.

GST 2.0 Reforms Targeted at MSMEs

1. **QRMP Scheme:** Quarterly return filing reduces frequency and compliance cost.
2. **Lower Thresholds for E-Invoicing:** Higher compliance threshold protects smaller firms from unnecessary reporting burdens.
3. **Composition Scheme Simplification:** Higher turnover thresholds and simplified rates.

24 National Conference On “Contemporary Issues In Global Business Management Practices” 25 & 26 February, 2026 by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

Sectoral Effect

- Reduced compliance friction for small businesses.
- Better predictability of tax obligations.
- Improved integration with digital accounting systems.

Limitations

Despite reforms:

- Some MSMEs still face challenges in reconciling digital compliance with traditional bookkeeping.
- Digital literacy limitations restrict full utilization of GST system advantages.

E. Real Estate and Construction Sector

Pre-GST Tax Landscape

Real estate was subject to multiple taxes including service tax, VAT on construction materials, and entry taxes in various states.

GST 2.0 Reforms

- **Standardization of Rates:** Clear slabs for construction services and real estate transactions.
- **Input Credit Rationalization:** Better clarity on eligible credits for builders.
- **Refund Procedures:** Facilitation of ITC refunds on affordable housing projects.

Sectoral Outcomes

- Improved price transparency for buyers.
- Streamlined tax treatment for developers.
- Growth in affordable housing due to supportive tax structures.

Persisting Issues

- Complexity in transitional credits for older projects.
- Uncertainties around valuation of non-GST charges in property sales.

F. Healthcare & Pharmaceuticals

Healthcare Sector Relevance

Healthcare services were typically exempt from GST, but medical devices and pharmaceutical formulations experienced varied tax rates.

GST 2.0 Sector Enhancements

- **Rationalization of GST rates** on select medical devices.
- **Clarified exemption criteria** to ensure essential services remain outside GST.

25National Conference On “*Contemporary Issues In Global Business Management Practices*”25 &26 February,2026 by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

- **Improved refund mechanisms** for exporters of pharmaceuticals.

Impact Evaluation

- Reduced cost pressure on patients and insurers.
- Enhanced competitiveness for pharmaceutical exporters.
- Reduced classification disputes on complex medical goods.

Challenges

- Need for uniform standards for clinical services classification.
- Administrative clarity on mixed-supply health services.

G. Logistics and Transportation Sector

Role in GST Framework

Efficient logistics is vital to GST's objective of a unified national market. Prior to GST, octroi and CST created interstate barriers.

GST 2.0 Interventions

- **Enhanced technology for e-way bills** integrated with GST returns.
- **Simplified compliance** for transporters with fewer document requirements.
- **Continuous reforms** in GSTN systems for real-time tracking.

Sector Benefits

- Reduced transit delays across states.
- Lower logistics costs contributing to manufacturing competitiveness.
- Better integration of MSME transporters into GST compliance.

Gaps

- Infrastructure bottlenecks still affect lead times.
- Training constraints for smaller logistics operators on the GST portal.

H. E-Commerce and Digital Platforms

Sectoral Dynamics

E-commerce growth intensified the complexity of compliance, requiring marketplace liability, settlement reconciliation, and TCS (Tax Collected at Source) systems.

GST 2.0 Reforms for E-commerce

- **TCS implementation improvements** with monthly data automation.
- **Clarified liability for online marketplaces** as collection agents.
- **API integrations for seller invoice sync** to reduce mismatches.

Outcomes

- Increased compliance among small sellers due to automated data capture.
- More predictable tax remittances for marketplaces.
- Better traceability of goods and services supplied online.

26 National Conference On “Contemporary Issues In Global Business Management Practices” 25 & 26 February, 2026 by University Arts & Science College (Autonomous), Kakatiya University.

Remaining Challenges

- Need to manage high volumes of digital transaction data.
- Coordination with SEZ and cross-border digital service taxation.

Section III: Key Cross-Cutting Issues and Policy Analysis

ITC Flow and Credit Matching

One of the most critical concerns addressed by GST 2.0 is the **timely and accurate flow of Input Tax Credit (ITC)**. The implementation of auto-generated GSTR-2B minimized mismatches and reduced human error while enabling taxpayers to reconcile credits with reduced manual intervention.

However, persistent issues remain around:

- Delayed ITC availability due to supplier non-filing.
- Credit reversal complexities.
- Transitional credit legacy cases.

A combination of policy clarity and technological automation is required to mitigate these challenges effectively.

Compliance Cost and Ease of Doing Business

GST 2.0 reforms represent a clear shift toward lowering compliance burdens, particularly through:

- Automated invoice matching.
- Reduced return filing frequencies.
- Simplified registration and amendment processes.

Nevertheless, compliance costs—especially for digitally nascent firms—remain relatively high. Capacity building and supportive training initiatives are essential complements to systemic reforms.

Dispute Resolution and Litigation

Tax disputes, especially around classification and valuation, remain a significant concern for taxpayers. Reforms such as:

- Clarified SAC/HSN classifications,
- Judicial and board level advance rulings,
- Strengthened appellate mechanisms,

Have helped reduce litigation timelines and uncertainty. A future direction involves leveraging machine learning to predict dispute hotspots and recommend classification precedents.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

Technology and Data Analytics Integration

The push toward a **NextGen GST System**, with enhanced analytics and APIs, has provided tools for both tax administrators and taxpayers to manage compliance proactively. However, challenges such as:

- Data security concerns,
- Integration bottlenecks with third-party accounting tools,
- Legacy compliance data conversion,

Warranton-going technological investments.

Next-Generation GST Benefits for All:

The Next-Generation GST reforms are designed not just to reduce tax rates, but to create a virtuous cycle of growth. The following are the benefits of GST for all. They are;

- **Lower Prices, Higher Demand:** Cheaper goods and services increase household savings and stimulate consumption.
- **Support for MSMEs:** Reduced rates on inputs like cement, auto parts, and handicrafts lower costs and make small businesses more competitive.
- **Ease of Living:** A two-rate structure means fewer disputes, quicker decisions, and simpler compliance.
- **Wider Tax Net:** Simpler rates encourage compliance, expanding the tax base and improving revenues.
- **Support for Manufacturing:** Correcting inverted duty structures boosts domestic value addition and exports.
- **Revenue Growth:** As seen in past reforms, lower rates with better compliance increase collections.
- **Economic Momentum:** Lower costs → higher demand → larger tax base → stronger revenues → sustainable growth.
- **Social Protection:** Exemption of GST on insurance and essential medicines strengthens household security and access to healthcare. Together, these reforms ensure that GST is citizen-centric, business-friendly, and aligned with India's global growth ambitions.

Challenges of GST Reforms 2.0:

GST Reforms 2.0 aim to simplify the tax structure, enhance compliance, and strengthen revenue collection in India. However, the implementation of GST 2.0 faces several challenges that need careful policy attention and effective execution.

28National Conference On “*Contemporary Issues In Global Business Management Practices*”**25 & 26 February,2026** by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

1. Technological and System Challenges

GST 2.0 relies heavily on advanced digital systems such as e-invoicing, real-time data matching, and artificial intelligence-based compliance monitoring. Many small and medium enterprises (SMEs) face difficulties in adapting to these technologies due to lack of digital infrastructure, technical skills, and internet connectivity, especially in rural areas.

2. Compliance Burden on Small Businesses

While GST 2.0 aims to simplify compliance, frequent changes in return formats, documentation requirements, and filing procedures can increase the burden on small traders and MSMEs. Complex rules and fear of penalties discourage voluntary compliance among small taxpayers.

3. Transition from Multiple Rates to Fewer Slabs

One of the objectives of GST 2.0 is rate rationalization. However, merging multiple tax slabs into fewer ones is politically and economically challenging. Any increase in tax rates on essential goods may lead to inflationary pressures and public dissatisfaction, while reducing rates can impact government revenue.

4. Revenue Concerns for States

States are concerned about revenue stability under GST 2.0, especially after the end of the GST compensation period. Dependence on central transfers and uncertainty in revenue growth may affect states' fiscal autonomy and their ability to fund development programs.

5. Input Tax Credit (ITC) Restrictions

Stricter rules for claiming Input Tax Credit under GST 2.0 aim to curb tax evasion. However, genuine taxpayers may face delays or denial of ITC due to supplier non-compliance, system mismatches, or procedural errors, affecting business cash flows.

6. Administrative and Capacity Constraints

Effective implementation of GST 2.0 requires well-trained tax officials and coordinated efforts between the Centre and States. Lack of uniform interpretation of rules, procedural delays, and limited administrative capacity can create confusion and disputes.

7. Informal Sector Integration

A large portion of India's economy operates in the informal sector. Bringing these businesses into the formal GST network under GST 2.0 is challenging due to resistance to compliance, lack of awareness, and fear of increased tax liability.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

8. Legal and Litigation Issues

Frequent amendments to GST laws and rules under GST 2.0 can lead to legal ambiguity. Differences in interpretation by tax authorities and taxpayers may increase litigation, adding to compliance costs and judicial burden.

9. Awareness and Skill Gaps

Many taxpayers, especially in smaller towns and rural areas, lack adequate understanding of GST 2.0 provisions. Insufficient training and awareness programs can lead to errors in compliance and misuse of provisions.

10. Economic Impact and Inflation Risks

Changes in tax rates and stricter compliance measures under GST 2.0 may increase costs for businesses, which can be passed on to consumers. This may contribute to short-term inflation and affect consumer demand.

Why GST is a Milestone:

- Subsumed 17 different taxes and 13 cesses into one unified tax.
- Eliminated cascading of taxes (tax on tax).
- Created a single national market with common rates and procedures.
- Simplified compliance and improved transparency.
- Symbolized economic integration of the country.

Performance So Far:

- GST taxpayer base has grown from 66.5 lakh in 2017 to 1.51 crore in 2025, reflecting greater formalization of the economy.
- Record Revenue Growth: FY 2024–25 saw ₹22.08 lakh crore in gross GST collections, doubling in just four years with a CAGR of 18%.
- Economic Confidence: Rising collections and active taxpayers reflect stronger compliance, improved systems, and robust economic fundamentals. Average monthly collections have risen to ₹2.04 lakh crore year from ₹82,000 crore in 2017–18.

Conclusion:

GST 2.0: represents a significant evolutionary phase of India's indirect tax regime—focusing on refining procedural efficiency, expanding digital integration, easing compliance, and improving sectoral responsiveness. Across sectors such as manufacturing, services, agriculture, MSMEs, logistics, real estate, healthcare, and e-commerce, the reforms have yielded substantial improvements in tax predictability, compliance simplification, and cost rationalization. Notwithstanding notable achievements, continued efforts are required in areas such as dispute resolution, ITC clarity, digital capacity building, and sectoral customization of compliance standards. India's GST journey is not static; it exemplifies dynamic policy evolution, requiring collaborative governance between the Central

30 National Conference On “Contemporary Issues In Global Business Management Practices” 25 & 26 February, 2026 by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

Government, State Governments, industry stakeholders, and taxpayers. With continued recalibration and strategic investment in technology and human capital, GST 2.0 can serve as a foundation for sustained economic formalization, higher tax compliance, and equitable growth.

References:

- Government of India. (2017). *The Constitution (One Hundred and First Amendment) Act, 2016*. Ministry of Law and Justice, New Delhi.
- Central Board of Indirect Taxes and Customs (CBIC). (2023). *Goods and Services Tax (GST) Law and Procedures*. Government of India.
- GST Council. (2022). *Annual Report of the GST Council*. Government of India. Retrieved from official GST Council publications.
- Ministry of Finance. (2021). *Five Years of GST: Journey and Way Forward*. Department of Revenue, Government of India.
- Reserve Bank of India. (2022). *State Finances: A Study of Budgets*. RBI Publications.
- NITI Aayog. (2020). *Reforming India's Tax System for Growth*. Government of India.
- Organisation for Economic Co-operation and Development (OECD). (2019). *Revenue Statistics in Asia and the Pacific*. OECD Publishing.
- Comptroller and Auditor General of India (CAG). (2022). *Performance Audit on Implementation of GST*. Government of India.
- Kelkar, V. (2019). *GST in India: A Critical Appraisal*. Economic and Political Weekly, 54(12).
- Mukherjee, S. (2020). *GST Reforms and Cooperative Federalism in India*. National Institute of Public Finance and Policy (NIPFP).
- World Bank. (2018). *India: Improving Tax Compliance under GST*. World Bank Working Paper.
- Press Information Bureau (PIB). (2023). *Major GST Reforms and Rate Rationalization Measures*. Government of India.

31National Conference On “*Contemporary Issues In Global Business Management Practices*”25 &26 February,2026 by University Arts & Science College (Autonomous), Kakatiya University.

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

- Economic Survey of India. (2022–23). *Chapter on Indirect Taxes and GST*. Ministry of Finance, Government of India.
- Ahmad, E., & Brosio, G. (2018). *GST Reforms and Federalism*. Cambridge University Press.
- Bagchi, A. (2021). *GST and Fiscal Federalism in India*. Oxford University Press.
- Government of India, Ministry of Finance, Central Board of Indirect Taxes & Customs (CBIC) GST Council Notifications (2017–2025)