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GST Reforms and the Right to Livelihood: A Human Rights Analysis of Rural and Urban India

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Abstract
The implementation of the Goods and Services Tax (GST) in 2017 represents a transformative shift in India's indirect taxation framework, aimed at fostering economic integration, transparency, and efficiency under the principle of "One Nation, One Tax." While the reform has yielded significant macroeconomic benefits, its micro-level implications particularly on livelihoods remain contested. This paper critically examines GST through a human rights lens, focusing on the Right to Livelihood as an intrinsic component of the Right to Life under Article 21 of the Constitution of India. It explores the differential impact of GST across rural and urban economies, the informal sector, and vulnerable populations. By identifying structural challenges such as compliance burdens, digital exclusion, and economic displacement, the study highlights the tension between fiscal modernization and social equity. The paper argues for a rights-based approach to taxation policy and proposes inclusive reforms to ensure that economic progress does not undermine fundamental human rights.

Keywords: GST, Right to Livelihood, Human Rights, Rural Economy, Urban Employment

1. Introduction

Taxation is not merely a fiscal instrument but a powerful mechanism that shapes economic distribution, social equity and governance. The introduction of GST marked a paradigm shift from a fragmented indirect tax regime to a unified national system. By subsuming multiple taxes, GST aimed to eliminate inefficiencies reduce cascading effects and enhance compliance.

However, India's socio-economic landscape is characterized by vast disparities between rural and urban regions, formal and informal sectors and organized and unorganized labor. In such a context, any structural reform inevitably produces uneven outcomes. While GST has improved tax administration and revenue collection, its implications for livelihood security especially among economically vulnerable groups require deeper scrutiny.

2. GST as a Structural Economic Reform: Scope and Intent

GST is designed as a destination-based consumption tax applicable to the supply of goods and services. Its architecture reflects global best practices in tax harmonization. The core objectives of GST include:

- Establishment of a unified tax regime
- Reduction of tax evasion through transparency
- Enhancement of ease of doing business
- Strengthening of the formal economy
- Promotion of long-term economic growth

Despite these objectives, the transition to GST has involved significant structural adjustments, particularly for small-scale and informal economic actors.

3. Right to Livelihood under Constitutional and Human Rights Law

The Right to Livelihood is a fundamental component of human dignity and survival. It has been judicially recognized as part of the Right to Life under Article 21 of the Constitution of India. This interpretation extends the scope of fundamental rights beyond mere existence to include the means of sustaining life. From a human rights perspective, livelihood encompasses:

- Access to employment and income-generating opportunities
- Economic independence and security
- Protection against arbitrary deprivation of work
- Inclusion within economic systems

International frameworks, including the Universal Declaration of Human Rights (UDHR), reinforce the importance of livelihood as a basic human entitlement. Therefore, taxation policies must be evaluated not only for economic efficiency but also for their impact on human welfare and equity.

4. Differential impact of GST on Rural economic structures

Rural India, which sustains a significant portion of the population, is heavily dependent on agriculture, small-scale industries and informal trade networks. The adverse implications are:

- Increased taxation on agricultural inputs such as fertilizers and machinery, leading to higher production costs
- Disproportionate compliance burden on small traders lacking digital and financial resources
- Limited awareness and accessibility of GST-related processes
- Exclusion from formal supply chains due to procedural complexities

The transformative potential includes**:**

- Integration of rural markets into national supply chains
- Reduction in logistical inefficiencies and transportation delays
- Opportunities for rural enterprises to access wider markets

However, the benefits remain unevenly distributed due to structural constraints such as digital illiteracy and infrastructural gaps.

5. Urban economic dynamics under GST

Urban economies, characterized by diversified sectors, have experienced both growth and disruption under GST. The challenges are:

- Increased compliance costs for Small and Medium Enterprises (SMEs)
- Short-term job losses in sectors unable to adapt to regulatory changes
- Rising operational costs affecting service industries

The opportunities are:

- Greater transparency and accountability in business transactions
- Expansion of organized sector employment
- Improved competitiveness of large-scale enterprises

The transition has thus favored businesses with greater institutional capacity while placing smaller entities at a disadvantage.

6. Gendered and Social Dimensions of GST Impact

The impact of GST is not uniform across social groups and often exacerbates existing inequalities.

- Women entrepreneurs, particularly in home-based and micro-enterprises, face significant compliance barriers
- Self-help groups encounter financial and administrative challenges
- Marginalized communities experience reduced access to economic opportunities

These outcomes highlight the intersection of economic policy with social hierarchies, necessitating a more inclusive approach.

7. Human Rights Implications of Fiscal Reforms

GST raises critical questions about the relationship between economic policy and human rights. **The major concerns:**

- Intensification of economic inequality
- Threat to livelihood security among vulnerable populations
- Digital divide reinforcing exclusion
- Disproportionate burden on economically weaker sections

A purely efficiency-driven approach to taxation risks overlooking these human rights implications, thereby undermining the broader goals of social justice.

8. Policy Interventions and Their Limitations

The government has introduced several measures to mitigate GST-related challenges:

- Composition Scheme for small taxpayers
- Tax exemptions for essential goods
- Awareness and training initiatives

While these interventions have provided partial relief, they remain insufficient in addressing systemic issues such as digital exclusion, institutional access, and financial vulnerability.

9. Towards a Rights-Based Taxation Framework

To reconcile economic reform with human rights obligations, a more inclusive policy approach is required.

Policy Recommendations:

- Differential tax structures for small and informal enterprises
- Expansion of digital infrastructure and literacy programs in rural areas
- Simplification of compliance procedures
- Targeted financial and institutional support for vulnerable groups

- Integration of human rights impact assessments in fiscal policymaking

Such measures would ensure that taxation reforms promote not only efficiency but also equity and social justice.

10. Conclusion: Balancing Economic Efficiency with Social Justice

GST represents a significant milestone in India's economic reform trajectory, contributing to greater efficiency and integration. However, its uneven impact on livelihoods underscores the need for a more balanced approach. A sustainable taxation system must align with constitutional values and human rights principles. Policymakers must move beyond a purely economic perspective and incorporate social considerations into fiscal design. Only then can reforms achieve their intended goals without compromising the fundamental rights of citizens.

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