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GOODS AND SERVICE TAX: REFORMS FOR VIKSIT BHARAT

2025

Bharat Ratna Sir M. Visvesvaraya

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FIFTY FIVE YEARS AND COUNTING

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Foreword

The Goods and Services Tax, implemented in 2017, was revolutionary in its intent "One Nation, One Tax." Yet, as with many transformations, the early journey exposed friction points. Multiple slabs, classification ambiguities, and compliance burdens created an unnecessary drag on our entrepreneurial ecosystem, particularly for the small and medium enterprises who form the backbone of Atmanirbhar Bharat. The reforms, detailed in this report, represent India's maturation in implementing this vision.

As custodians of India's trade and commerce infrastructure, we at the World Trade Center have long advocated for simplicity and efficiency in our regulatory environment. The recent rationalization moving toward primary slabs of 5% and 18%, introducing a 40% slab for luxury goods, and eliminating the unwieldy 12% and 28% categories is pragmatic and necessary. By reducing the rate structure to its essence, we accomplish multiple objectives simultaneously: we lower the tax burden on essential goods and medicines, thereby easing the financial stress on our poorest citizens; we create headroom for consumption-driven growth, which accounts for 58% of our GDP; and we signal fiscal discipline and policy consistency to investors navigating an increasingly complex global economy.

This report goes beyond documenting changes. It articulates the deeper purpose of these reforms: to foster a business environment where entrepreneurship flourishes, where consumers enjoy purchasing power, and where the state collects revenues fairly and efficiently.

India's journey toward a 5 trillion economy will be powered by consumption, investment, and exports. The GST rationalization removes unnecessary friction from this equation. Lower tax rates on essentials mean more money in household pockets. Simplified compliance means businesses can invest more in innovation and less in bureaucratic navigation. Higher taxes on luxury goods signal equity and fund public investment in infrastructure and human capital.

The months ahead will test our institutional capacities. Businesses must recalibrate systems, renegotiate contracts, and retrain teams. Tax administrators must clear case backlogs and demonstrate consistent interpretation. The government must ensure that system architecture supports seamless refunds and reconciliation.

The GST reforms are an investment in India's future. If executed well, they will unlock growth that is not just faster, but more inclusive, more sustainable, and more resilient. The business community, the civil service, and our democratic institutions must rise to this moment.

India's 21st century economic story will be written not by those who resist necessary change, but by those who embrace it, master it, and ensure that its benefits reach every village, every household, and every enterprise in this great nation.

Dr. Vijay Kalantri
Chairman
MVIRDC World Trade Center Mumbai

Introduction

- **EXECUTIVE SUMMARY**

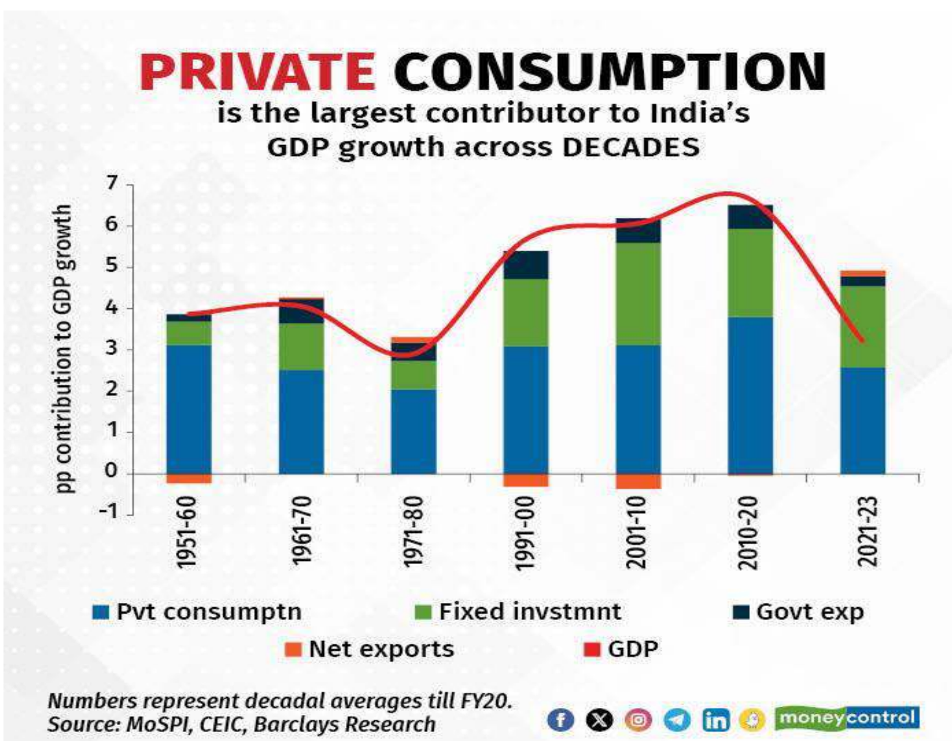
The 56th meeting of the Goods and Services Tax (GST) Council, chaired by Union Finance Minister Nirmala Sitharaman, may well mark a turning point in India's indirect tax regime. By pruning the unwieldy structure of multiple slabs into a more rational two-rate system, the Council has moved toward what economists have long advocated for—simplicity, efficiency, and growth-oriented taxation. The core theorem of developmental economics is rationalisation of indirect taxes since it's incidence is universal, and a lower structure benefits the less off section. Hence, any lowering of indirect taxes is no doubt ease the burden of consumers. However, the flip side is the loss of revenue to the exchequer, which disturbs fiscal maths, disturbs credit ratings, increasing borrowing costs, leading to further stress on developmental spending. Hence, every rate rationalisation exercise must pass the muster of revenue neutrality to accrue benefit.

The long due reforms came in the backdrop of plateauing growth over the past decade and multiple external shocks which has reshaped our discourse towards more reforms in a positive urgency. Having said that, even though the reforms came much sooner than everyone expected, PM Modi mentioned it in his independence address while a Group of Ministers Committee was working on it for more than 2 years, this set of reforms are not pushed in hurry but rather are result of much thought out multi stakeholder brainstorming since we usher into the GST regime.

The headline change is the removal of the 12 percent and 28 percent GST slabs, creating a streamlined system with fewer rates. Essential commodities—ranging from ultra-high temperature (UHT) milk and paneer to a wide range of everyday household items—have seen significant reductions in GST. In some cases, rates have dropped from 12 percent or 18 percent to 5 percent, and for certain goods, to zero. The most important among these is the exemption granted to 33 life-saving medicines used for the treatment of cancer, rare diseases, and other chronic ailments. These have been moved from a 5 percent GST to nil.

Medicines are goods with highly inelastic demand—people cannot defer or reduce consumption of them regardless of price. For elderly households and families with chronic health burdens, the previous GST regime resulted in higher costs that could not be avoided. Rationalisation here is not only an act of fiscal prudence but also a gesture of compassion. If anything, the ambit of exemptions should be expanded further to include widely used drugs such as amoxicillin.

Another notable decision has been the complete exemption of GST on individual health and life insurance premiums. Previously taxed at 18 percent, this exemption makes critical insurance products more affordable in a country where the social security net remains thin. By incentivising risk protection, the GST Council has indirectly enhanced financial resilience for households—a long-neglected but crucial element of India's development agenda.



भारत सरकार
GOVERNMENT
OF INDIA

Historic Diwali Gift for the Nation

NEXT-GEN GST REFORM

for Ease of Living & to build *Aatmanirbhar Bharat*

From farmers to enterprises, from households to businesses, the Next-Gen GST brings happiness for all!

Save Big on Daily Essentials

Items	From	To
Hair Oil, Shampoo, Toothpaste, Toilet Soap Bar, Tooth Brushes, Shaving Cream	18%	5%
Butter, Ghee, Cheese & Dairy Spreads	12%	5%
Pre-packaged Namkeens, Bhujia & Mixtures	12%	5%
Utensils	12%	5%
Feeding Bottles, Napkins for Babies & Clinical Diapers	12%	5%
Sewing Machines & Parts	12%	5%

Uplifting Farmers & Agriculture

Items	From	To
Tractor Tyres & Parts	18%	5%
Tractors	12%	5%
Specified Bio-Pesticides, Micro-Nutrients	12%	5%
Drip Irrigation System & Sprinklers	12%	5%
Agricultural, Horticultural or Forestry Machines for Soil Preparation, Cultivation, Harvesting & Threshing	12%	5%

Relief in Healthcare Sector

Items	From	To
Individual Health & Life Insurance	18%	Nil
Thermometer	18%	5%
Medical Grade Oxygen	12%	5%
All Diagnostic Kits & Reagents	12%	5%
Glucometer & Test Strips	12%	5%
Corrective Spectacles	12%	5%

Automobiles made affordable

Items	From	To
Petrol & Petrol Hybrid, LPG, CNG Cars (not exceeding - 1200 cc & 4000mm)	28%	18%
Diesel & Diesel Hybrid Cars (not exceeding - 1500 cc & 4000mm)	28%	18%
3 Wheeled Vehicles	28%	18%
Motor Cycles (350 cc & below)	28%	18%
Motor Vehicles for transport of goods	28%	18%

Affordable Education

Items	From	To
Maps, Charts & Globes	12%	Nil
Pencils, Sharpeners, Crayons & Pastels	12%	Nil
Exercise Books & Notebooks	12%	Nil
Eraser	5%	Nil

Save on Electronic Appliances

Items	From	To
Air Conditioners	28%	18%
Television (above 32") (including LED & LCD TVs)	28%	18%
Monitors & Projectors	28%	18%
Dish Washing Machines	28%	18%

PROCESS REFORMS

Registration

Automatic registration within 3 working days for applicants:
- Identified by the system based on data analysis
- Who determines that he would not pass Input Tax Credit exceeding ₹2.5 Lakh per month and opts for the Scheme

Refund

Sanction of Provisional Refunds by proper officer, through system based risk evaluation for:
- Zero Rated Supplies
- Supplies with Inverted Duty Structure

At the other end of the spectrum, levies on luxury goods and conspicuous consumption have been hiked to 40 percent, abolishing compensation cess in most instances so as to simply the tax. On select case studies, it has been observed that the effective rate of 40% GST will be lower than that of earlier rate of 28% + compensation cess. This shows that the focus is not only on reducing rates but also on making the taxation policies as simple as possible. This is both equitable and economically logical: higher taxes on luxury consumption free fiscal space for the state while preserving the purchasing power of the middle and lower-middle classes, whose spending forms the backbone of India's growth trajectory.

GROWTH AND DISTRIBUTIONAL GAINS

India's economic expansion over the past thirty years has been largely powered by consumption. At present, private final consumption expenditure makes up nearly 58 percent of the nation's GDP—considerably higher compared to countries like China (38 percent) or most developed economies. A higher share means a significant impact on growth numbers. Hence, any change in private consumption can significantly drive growth which is currently faltering at 6.5% on average over the years.

What is especially significant is that the Indian middle class tends to spend a much larger share of any additional income than the wealthy. In other words, each rupee of tax relief granted to a middle-class family is more likely to be put back into circulation, generating a strong multiplier effect across the economy.

Against this backdrop, the rationalisation of GST serves a purpose beyond tax simplification. It raises disposable incomes, stimulates household demand, and reinforces India's consumption-driven growth pathway. At the same time, it has an important social impact by helping reduce poverty—since poverty in India is assessed based on consumption levels. Lowering the cost of essential goods such as food and medicines directly eases the financial burden of the poorest groups, offering them measurable economic relief. This reforms also comes in the backdrop of Income Tax cuts announced in the budget. When coupled with this, a large chunk of money is estimated to be saved and pushed into consumption, investments and savings boosting economic growth.

- **IMPACTS AND SIGNIFICANCE**

The Goods and Services Tax (GST) system, introduced in India in 2017, represented a historic shift towards creating a unified indirect tax framework. Over the years, the system has been refined and adapted in response to economic challenges, industry feedback, and administrative needs. The reforms announced and implemented during 2024–2025 mark one of the most significant overhauls of the GST framework since its inception. These reforms focus on simplifying the rate structure, expanding the reach of compliance systems, enhancing digital integration, and providing targeted relief to both consumers and businesses.

At their core, these reforms attempt to strike a balance between easing the compliance burden, improving efficiency, boosting consumption, and safeguarding revenue collections. Their salience lies in the fact that they are not isolated changes but part of a broader push towards making GST more robust, transparent, and aligned with India's long-term growth objectives.

- **MAJOR REFORMS: WHAT CHANGED**

The most visible and widely discussed change in the 2024–2025 reforms is the rationalisation of GST rates. The earlier system had multiple slabs, including 5, 12, 18, and 28 percent, along with exemptions for some goods and services. (Check infographic below). This fragmented system often caused disputes, classification challenges, and confusion for businesses and consumers. The

GST RESET

- **The GST Council has approved a new rate structure of 5% and 18% and a 40% rate on sin and ultra luxury goods**
- **The tax on most mass market and daily use items, from paneer, ghee, soap and shampoos to consumer durables and passenger cars, will reduce**
- **Compensation cess for states to end later this year**
- **Changes in GST rates on goods (except pan masala and tobacco products) and services to be effective September 22**
- **It has also approved structural reforms to correct inverted duty structures, simplification of registration scheme and operationalisation of GSTAT by December 2025**

reform exercise has simplified the slabs, making 5 percent and 18 percent the primary categories. A new higher slab of 40 percent has been introduced specifically for luxury and sin goods, including items such as tobacco, high-end automobiles, and certain imported luxury products. This structure ensures that essential goods become more affordable while high-value consumption continues to contribute a larger share of tax revenues.

Equally important is the expansion of the e-invoicing system. Initially introduced for large businesses, e-invoicing has now been extended to mid-sized firms as well. This ensures that invoices are validated in real time through the Invoice Registration Portal and integrated seamlessly with the GST Network. By tightening the timelines for uploading invoices and returns, the system reduces the possibility of fraudulent transactions and improves the reliability of input tax credit (ITC) claims.

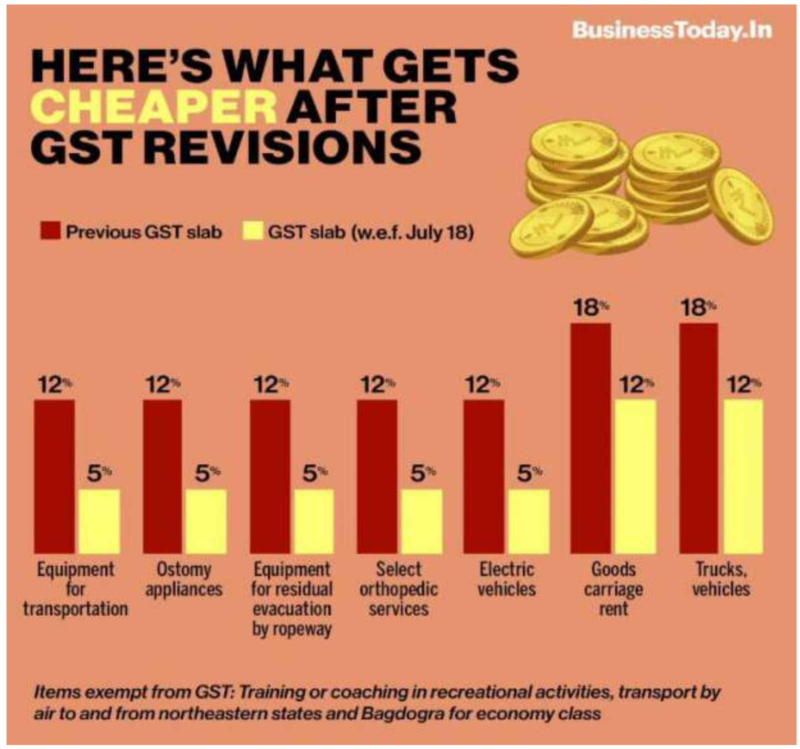
The GST Network (GSTN) itself has undergone a major upgrade. With the ability to handle larger volumes of data and to provide stronger validation checks, the portal now ensures that filing errors are minimized, and reconciliation is smoother. Refund processing has been streamlined, with greater automation reducing the delays that previously created serious working capital constraints, particularly for exporters.

The reforms also introduced a firm three-year limit for filing past returns. This move brings finality to compliance obligations, prevents prolonged disputes, and ensures that tax administrations can close cases in a timely manner. Sector-specific relief measures were simultaneously introduced.

Mass consumption items such as soaps, toothpaste, and certain packaged foods saw their rates reduced, while inputs critical to agriculture, farm machinery, and industrial production also benefited from concessions. These changes were carefully chosen to stimulate consumption while supporting manufacturing and rural economic activity.

- **IMPACT ON CONSUMERS**

The importance of these reforms lies in their dual character of simplification and enforcement. By reducing the number of rate slabs, the system becomes easier for businesses to comply with and for consumers to under-



COURTESY: Business Today

stand. The move enhances transparency in pricing, as it becomes more obvious to the end consumer how much tax is being paid on a particular good or service.

At the same time, the reforms reinforce the compliance framework through digital means. The expansion of e-invoicing ensures that transactions are captured in real time, making it difficult for businesses to generate fake invoices or inflate credits.

This has long been one of the most persistent problems in the GST system, leading to massive revenue leakages. The new system makes fraud detection faster and strengthens the integrity of the overall tax base.

Another dimension of the reforms is their pro-consumer orientation. By revising rates on essentials and widely used goods, the government has ensured that households have more disposable income, thereby driving consumption demand.

The imposition of a higher slab on luxury goods provides a balancing mechanism, allowing revenue foregone from mass consumption goods to be compensated by those who can afford high-end products.

- **IMPROVING THE BUSINESS ENVIRONMENT**

Apart from its distributive rationale, the reform significantly strengthens India's business climate. The earlier GST framework was regarded as one of the most complicated globally. With multiple slabs in place, firms faced uncertainty, higher compliance costs, and frequent disputes. Four specific inefficiencies stemmed from this design.

First, it created classification disputes. The presence of five different rates—0, 5, 12, 18, and 28 percent (plus cess)—meant that minor differences in packaging or branding could shift goods across categories.

Distinctions such as fresh versus frozen foods, or branded versus unbranded products, often triggered litigation and disagreements between taxpayers and administrators. The infamous popcorn classification based on sweetened and unsweetened debate, multiple rulings from different benches on whether parotta is roti/chapati are case in point.

Second, such a fragmented structure imposed high compliance expenses, particularly on smaller firms. Companies had to constantly adapt accounting, billing, and IT systems to ensure products and services were assigned the correct slab. For micro, small, and medium enterprises, these costs were disproportionately high. Higher compliance regulations also mean increased red tapism in the system rendering it corrupt and ineffective.

Third, uneven rates distorted consumer choices, as comparable products landed in different tax brackets. For example, some food items were taxed at 5 percent while others faced 12 percent, violating the principle of horizontal equity—where like goods and services should be treated alike under taxation.

Fourth, the uppermost slab (28 percent plus cess) put policymakers in a bind. While necessary for state revenue, it discouraged consumption of certain products, raising the risk of "Laffer curve" effects where higher rates reduce collections.

This dynamic often forced an uneasy balance between revenue needs and efficiency. Apart from this uppermost slab, products like fuel and alcohol are not part of the GST though taxed high by the state, this creates more confusion in the system.

Furthermore, India's five-slab system stood in sharp contrast to international practice. Most countries rely on one or two GST/VAT rates—Australia uses 10 percent, New Zealand 15 percent, Singapore 9 percent, while the EU applies a standard range of 17–25 percent supplemented by a single reduced rate for essentials. India's complex structure placed it as an outlier, dampening ease of doing business and tarnishing its reputation on tax rationalisation.

By narrowing the structure to three slabs, the GST Council has cut unnecessary friction for businesses and administrators alike. Lower compliance costs directly improve competitiveness, while the rationalisation signals policy consistency to investors. The new structure balances efficiency with equity by placing lower rates on essentials and higher rates on luxuries, thereby honouring both horizontal and vertical equity.

Ultimately, a leaner GST system not only enhances credibility and aligns with global norms but also strengthens India's positioning as a preferred investment hub at a time when global production networks are rapidly being reshaped.

IMPACT ON EXPORTS:

Though GST has primarily been seen as a tax reform which is domestically targeted, it should be noted that it has a big export outlook also. The latest GST reforms introduce a simplified two-slab rate structure—5 percent and 18 percent—replacing the earlier four-tier system. By rationalizing rates on key export sectors such as leather, footwear, textiles, handicrafts, and agro-based packaging materials, production costs for exporters have effectively been reduced, making Indian products more price-competitive in global markets. This reduction in input tax burdens directly lowers the final landed cost of exported goods, enabling exporters to offer more attractive pricing to overseas buyers and expand market share.

A landmark feature of the new framework is the provisional upfront refund of 90 percent of eligible IGST refunds to exporters, slated for implementation pending a legal amendment to Section 54 of the CGST Act. Once operationalised, this measure will unlock working capital that was previously tied up in long refund cycles, especially benefiting small and medium enterprises. Coupled with a risk-based refund mechanism under Customs—where IGST refunds are processed in under one week—exporters can now anticipate a significant compression in refund timelines and improved cash-flow management.

Exporters also continue to enjoy the zero-rating of exports through either furnishing a Letter of Undertaking (LUT) or paying IGST and claiming a refund. The annual renewal process for LUT remains straightforward, ensuring that eligible businesses can export without an upfront tax outlay. Enhanced digital processes on the GST portal—such as invoice-based refund applications without declaring tax periods—further streamline compliance, reduce paperwork, and minimise procedural delays.

Overall, by cutting tax rates on export-oriented goods, front-loading refunds, and simplifying procedural requirements, the recent GST reforms strengthen India's export ecosystem, bolster exporter competitiveness, and drive sustained growth in foreign exchange earnings.

- **IMPACT ON DIFFERENT SECTORS:**

The GST cuts are so broad based that it has an impact on almost every sector. The amplitude of impact though varying in nature has an overall positive net impact, even if the good has been moved from 28% to the 40% category as consumers will not have to pay different and often confusing rates of compensation cess which used to distort grand totals. In the following paragraphs, some sectors are being chosen to highlight the impact of rate rationalization. Though no objective criteria was adopted to select these sectors, these are the areas which remain constantly in spotlight owing to many reasons.

1. Automobiles: The automotive industry is set to receive a significant boost. The GST cut on small cars, motorcycles (≤350cc), buses, and trucks from 28% to 18% is a major relief for the mass-market segment and the logistics sector. However, the transition presents a critical challenge for car dealers. Those who have already stocked up on inventory billed at the old, higher rates face a significant financial hit, as the compensation cess paid on these vehicles cannot be refunded. While some manufacturers like Tata Motors have pledged to pass on the full benefit to customers, the issue of unsold stock remains a logistical and financial hurdle that requires a coordinated response across the value chain.

2. Insurance & Healthcare: The GST exemption on individual life and health insurance premiums is aimed at making these policies more affordable, thereby

promoting financial inclusion. However, this policy creates a paradoxical situation for insurance companies. By making their services exempt from GST, the government has inadvertently eliminated their ability to claim Input Tax Credit (ITC) on the goods and services they use to run their businesses. This accumulated ITC,

which previously helped offset their tax liability, now becomes a direct cost burden. Experts have warned that insurers may pass this additional cost on to customers by raising
base premiums, potentially negating the intended benefit of the exemption. This highlights a critical, second-order consequence that must be navigated to ensure the policy's primary objective is realized. In contrast, the broader healthcare sector benefits unequivocally, with rate cuts on life-saving drugs, medicines, medical devices, and surgical equipment, which is expected to improve access to and affordability of healthcare.

3. Real Estate and Construction: The GST cut on cement from 28% to 18% is a major boon for the real estate and infrastructure sectors.5 With cement and steel constituting a significant portion of project costs, this change will reduce the material tax burden by approximately 10%, leading to savings and making housing more affordable. This reduction is expected to spur demand in the real estate sector and accelerate major infrastructure development projects, creating new jobs and providing a significant boost to the construction industry.

Year after year it has been observed that construction has driven growth as it creates a virtuous cycle which is capital intensive, engages in formal labour outside the agriculture labour market, and improves better living for those who are the bottom of the pyramid. Low-cost affordable housing particularly those which is subsidized by government schemes like Pradhan Mantri Awas Yojana are the ones who get maximum benefits out of this as the subsidies under these schemes are released in instalments, and hence any cut in raw material saves space in upfront cost. Moreover, an up tick in construction activities also creates livelihood opportunities under various social welfare schemes like MGNERGA which ultimately benefits rural households.

Impact of the New GST Structure-2025 on the Indian Economy

Table: Sectoral Gainers and Challenges

Sector	Positive Impacts	Negative Impacts/Challenges
FMCG	Lower prices on essentials to boost consumption; improved margins for companies; greater demand from rural markets.	Logistical challenges with re-tagging prices on existing inventory.
Automobiles	Lower prices on small cars and bikes to spur mass-market demand; lower costs for logistics and commercial vehicles.	Dealers face financial losses on unsold inventory due to non-refundable cess.
Manufacturing	Lower input costs; correction of inverted duty structures; improved competitiveness and export potential.	Requires recalibration of ERP systems and billing software; coordination across supply chain.
Insurance	Premiums on life and health policies now exempt from tax, improving affordability for consumers.	Insurers lose Input Tax Credit (ITC), which could be passed on to consumers as a new cost burden.
Real Estate & Construction	Lower GST on cement and other materials reduces construction costs; makes housing more affordable and spurs infrastructure development.	Requires seamless pass-through of benefits to the end consumer.

This table provides a summary of the positive and negative impacts on key sectors.

4. IMPACT ON AGRICULTURE AND EDUCATION:

In the agriculture sector, the reduction of GST rates on a wide array of farm inputs and machinery has significantly lowered the cost of production. Key changes include a cut from 12% to 5% on tractors and essential implements such as rotavators, ploughs, and harvesters, making mechanisation more accessible to small and medium farmers. Additionally, zero GST on milk and cheese, reduced rates on bio-pesticides and micronutrients, and lowered taxes on tendu leaves and solar-powered irrigation devices are expected to boost profitability and encourage sustainable and integrated farming practices. These measures not only reduce farmers' input expenses but also stimulate allied activities such as dairy, fisheries, poultry, and agroforestry, thereby strengthening rural incomes and food security while enhancing the competitiveness of domestic produce against imports.

In the education sector, the GST overhaul offers targeted relief by exempting core educational services and essential learning materials. Tuition fees for pre-school through Class 12 and recognized degree programs remain GST-exempt, safeguarding affordability for household budgets. Crucially, essential stationery items—such as notebooks, pencils, erasers, maps, and educational charts—have moved from a 12% tax to complete exemption, while geometry boxes and mathematical instruments now attract only 5%. These reductions are projected to save an average family several hundred rupees annually on school supplies, aligning with the National Education Policy 2020's goal of universal, equitable access to education by 2030. However, ancillary services like transportation and catering continue at 18%, and private coaching and EdTech platforms remain within the 18% slab, posing challenges for supplementary education affordability and potentially exacerbating disparities in exam preparation access.

Overall, the GST 2.0 reforms reflect a clear policy intention to foster inclusive growth by lowering costs for essential agricultural and educational inputs, while preserving revenue through higher rates on luxury goods and non-core services. By reducing input costs for farmers and decreasing financial barriers for students and families, these reforms are poised to bolster rural economies and enhance educational outcomes, contributing to broader socioeconomic development.

- **IMPACT ON MACROECONOMIC SITUATION**

The reforms are particularly beneficial for India's external trade. Exports remain zero-rated under GST, which means that exporters do not pay tax on exported goods, and can claim refunds on the input taxes paid. The challenge historically has been delays in refund disbursements, which created significant working capital blockages. The reforms, by streamlining refund processes and embedding automation, have addressed this pain point directly. Exporters will now experience faster refunds, improved liquidity, and greater competitiveness in international markets.

Additionally, the reduction of rates on key industrial inputs such as farm machinery, fertilizers, and manufacturing equipment lowers production costs for domestic industries. This makes Indian goods more competitive compared to imports, thereby strengthening the domestic manufacturing base while supporting the government's "Make in India" initiative.

The recent wave of GST reforms—encompassing rate rationalization, return simplification, expanded e-invoicing mandates, and improved IT infrastructure—promises to strengthen revenue buoyancy and fiscal stability across both the centre and states. By rationalizing rates and reducing classification ambiguities, these reforms are expected to broaden the tax base and minimize litigation, thereby improving collection efficiency.

The introduction of a simplified single monthly return and auto-population of invoices under the e-invoicing system reduces compliance burdens for businesses and encourages timely filing. This smoother compliance ecosystem not only curbs revenue leakages from evasion but also enhances transparency in supply chains, fostering greater trust between taxpayers and the administration.

On the demand side, the reduction in cascading taxes and clearer input tax credit mechanisms lower the effective tax burden on intermediate goods, which can translate into lower prices for end consumers. This moderates inflationary pressures, particularly in core manufacturing and consumer durables, thereby supporting household purchasing power and aggregate consumption. Simultaneously, stronger revenue flows allow governments to maintain or even expand public investment in infrastructure, health, and education without disproportionately leaning on deficit financing. Maintained fiscal discipline bolsters India's sovereign credit profile, reducing borrowing costs and crowding in private investment—a virtuous cycle for potential GDP growth.

Furthermore, the digitalization of indirect tax administration under the GST regime accelerates the formalization of the economy. Greater visibility into business transactions incentivizes micro, small, and medium enterprises to transition from informal operations into the formal sector, unlocking access to credit, government schemes, and export opportunities.

This shift enhances labour productivity and tax compliance in the long term, contributing to a higher overall tax-to-GDP ratio. As the economy formalizes and compliance becomes less onerous, India's ranking in global ease-of-doing-business surveys is likely to improve, attracting higher levels of foreign direct investment.

Finally, the strengthening of the GST Council's institutional framework through clearer dispute-resolution mechanisms and periodic policy reviews ensures that the indirect tax system remains responsive to emerging economic challenges. By continually adapting rate structures and compliance protocols, the GST regime can effectively support structural reforms and counter cyclical downturns, thereby reinforcing macroeconomic stability. In sum, the recent GST reforms not only shore up government revenues and streamline tax administration but also foster a more resilient and inclusive growth trajectory for the Indian economy.

- **IMPACT ON CONSUMPTION AND INFLATION**
-

One of the primary objectives of the reforms has been to boost household consumption. Lower GST rates on essential goods and consumer durables translate directly into lower retail prices. As households spend less on essentials, they have more disposable income to allocate towards discretionary purchases, thereby stimulating demand across multiple sectors.

The reforms are also expected to exert a moderating influence on inflation. By reducing tax rates on widely consumed products, the overall consumer price index for those categories declines. While external factors such as

Table: Projected Macroeconomic Impact from Various Research Sources

Economic Indicator	Projection Range	Source/Analyst
CPI Inflation Moderation	50–90 bps over 12 months	Economists, HDFC Bank, Bank of Baroda, CareEdge Ratings
CPI Inflation Moderation	up to 1.1 percentage points	Citi
GDP Growth Boost	20–30 bps in FY26	QuantEco Research, HDFC Bank, Standard Chartered
Net Revenue Loss (Centre)	Rs 3,700 crore in FY26	SBI Report
Gross Revenue Loss	Rs 48,000 crore (Govt. Estimate)	GST Council, Government

This table provides a quantitative overview of the projected economic benefits, highlighting the general consensus among experts and analysts.

supply chain disruptions and global commodity prices may limit the extent of inflation control, the direction of these changes is undoubtedly consumer friendly. The reforms signal a deliberate policy choice to prioritize affordability and demand revival, which is critical in a growth-focused economy.

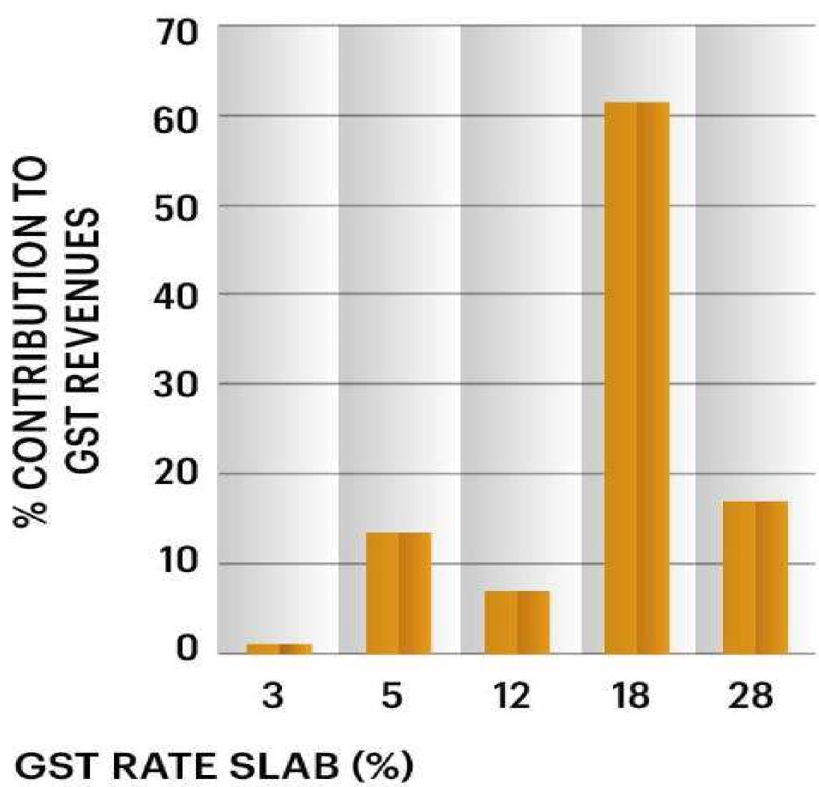
- **RISKS AND IMPLEMENTATION CHALLENGES**

Despite the ambitious scope of the reforms, several challenges must be acknowledged. Businesses will face transition costs as they upgrade systems and adapt to new compliance requirements. There is also the risk that businesses may not fully pass on the benefits of lower GST rates to consumers, which could reduce the effectiveness of the measures. Revenue shortfalls in the immediate aftermath of the reforms may pose challenges to fiscal management, particularly for states heavily reliant on GST collections.

As the saying goes, every reform has its own challenges. This set of GST reforms also come up with its own issues. However, for us as business community to remain sceptical of the impact which it will create will be quite premature. Though extrapolating data, we may infer what could happen, however, various assumptions such as rise in consumption as a measure to offset revenue will be seen in the future as more data comes in.

➢ **REVENUE PATTERN IN TAX COLLECTION DUE TO GST (2017–2025)**

GST tax though has 5 slabs; the revenue collection pattern is not same emanating from the slabs. This has led to a structure where some rates contribute more to the GST kitty, and some rates contribute negligible. This revenue analysis has given confidence to policymakers to shift items from less revenue generating slabs to a different slab altogether. Taxable items of goods and



Actual GST collection vs. projected Tax (Rs crore)		
All states and UT's Actual GST revenue from Jul-17 to Jun-22	A	2,635,765
Total GST Compensation to States from 1st July,2017 to 30th June 2022 (including ₹2.69* lakh crores as back-to-back loans as part of other transfer to States/UTs)	B	914,000
Actual including Cess and Loans Jul-17 to Jun-22 that the states received	C=A+B	3,549,765
Projected GST @ 14% Jul-17 to Jun-22	D	34,86,500
Actual-Projected	**E=C-D**	**63,265**

services were not put on a random basis but were distributed after considering the average effective rate of tax on a particular item. Since many state taxes were also subsumed, the effect of state taxes on a particular good was computed to arrive at an average rate of tax which should be imposed on it. Later, the item was merged into the nearest slab so as to arrive at a uniform 5 slabs for goods and services. This has led to a situation as outlined above.

Upon analysis of data from GST portal and a working paper by NIFPF and business today (Check reference section), it has been observed that nearly 60% of the revenue came from the 18% rate slab followed by the 5% rate slab accounting for approximately 14% of the revenue. This made the case for having a two tier structure while the 12% slab was merged with the 5% rate (as FM Nirmala Sitharaman has said that 99% items from the 12% slab are now in the 5% slab). To offset revenue loss from the abolishment of 28%, a new slab of 40% was devised for selected 7-8 items doing away with compensation cess thus neutralizing revenue loss as well as taxing sin/luxury goods.

At the time of launch of the GST regime, the states were assured that a 14% increase in their annual revenue for five years of the transition period from July 1, 2017 to June 30, 2022 will be protected and also guaranteed that their revenue shortfall, if any, would be made good through a compensation cess levied on luxury goods and sin products such as liquor, cigarettes, other tobacco products, aerated water, automobiles, and coal. As decided by the GST Council, States have been provided a total compensation of ₹ 9.14 lakh crores as compensation for protecting their tax revenues post implementation of GST for the entire transition period of five years. This amount was almost ₹ 63,265 crores (at an aggregate basis) more than the projected amount that states were expected to get from their assured 14% increase.

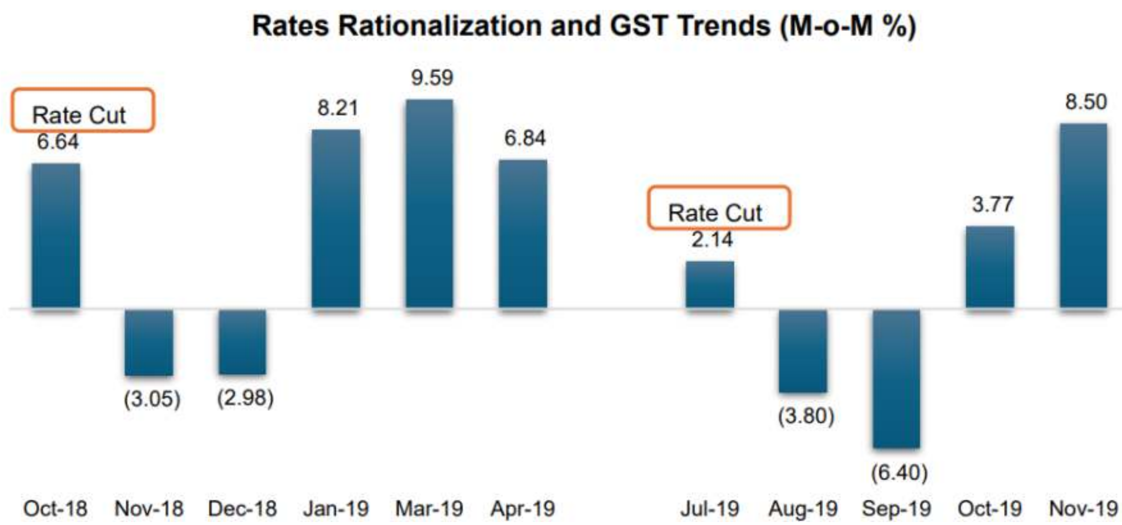
As per a SBI research estimate in FY26 as well, States will remain net gainers from GST collections, even under the proposed rate rationalization. This is because of the unique revenue-sharing architecture of the tax. First, GST is shared equally between the Centre and the States, with each receiving 50% of the collections. Second, under the mechanism of tax devolution, 41% of the Centre's share flows back to the States. Taken together, this means that out of every ₹100 of GST collected, states ultimately accrue nearly ₹70.5 i.e., approximately 70% of total GST revenues.

These projections for FY26 indicate that states are expected to receive at least ~ Rs 10 lakh cr in SGST plus Rs 4.1 lakh crore through devolution thereby making them net gainers. The gains accrues even when we do not take the additional consumption boost due to rate rationalization (At 9.5% effective GST rate, this translates into a revenue gain of ₹52,000 crore; ₹26,000 crore each to Centre and States). Evidence from earlier rounds of GST rate changes, such as those in July 2018 and October 2019, suggests that rationalization does not necessarily weaken revenue collections. Instead, the evidence points to a temporary adjustment phase followed by stronger inflows. While an immediate reduction in rates can cause a short-term dip of around 3–4% month-on-month (roughly ₹5,000 crore, or an annualized ₹60,000 crore), revenues typically rebound with sustained growth of 5–6% per month. Following data compiled by SBI research team sums up the revenue calculations in GST devolution.

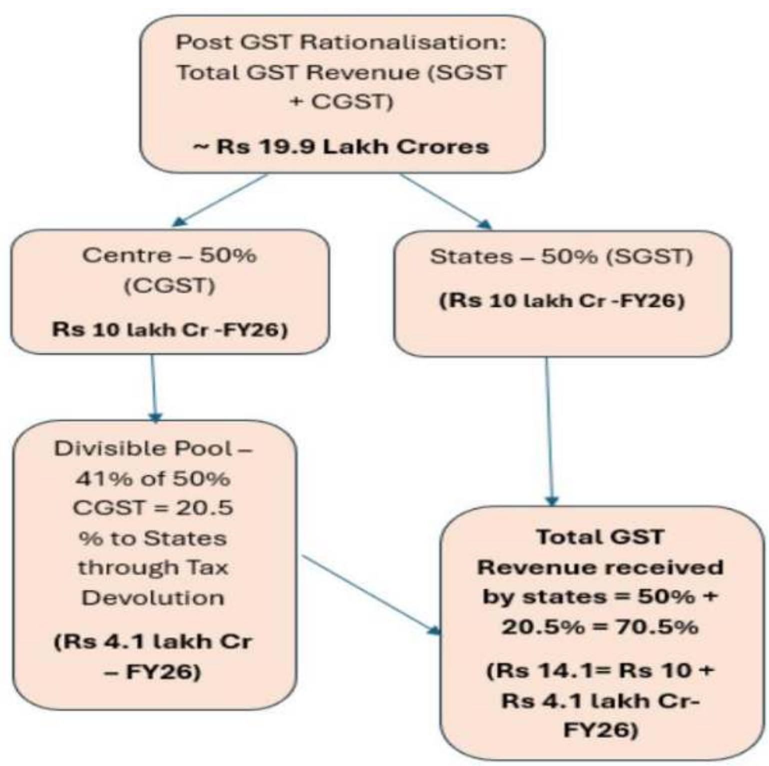
FUTURE REVENUE ESTIMATES:

As per the same report estimate for FY26, States will remain net gainers from GST collections, even under the proposed rate rationalization. This is because of the unique revenue-sharing architecture of the tax. First, GST is shared equally between the Centre and the States, with each receiving 50% of the collections. Second, under the mechanism of tax devolution, 41% of the Centre's share flows back to the States. Taken together, this means that out of every ₹100 of GST collected, states ultimately accrue nearly ₹70.5 i.e., approximately 70% of total GST revenues. (Check picture above).

This estimate also matches over experience previously which has led to an increase in revenue collection after a short-lived pent-up fall in revenue. Hence any such decrease should be seen from the perspective as a temporary after effect of the revision of rates. One silver lining which may defy all these will be an increase in consumption leading to increase in revenue hence off setting reduction in rates. (Data from past)



Source: SBI research



REVENUE COLLECTIONS OVER THE YEARS:

Since implementation on July 1, 2017, GST collections have grown from ₹7.19 lakh crore in FY 2017-18 to a record ₹22.08 lakh crore in FY 2024-25, reflecting enhanced compliance, broadening of the tax base, and economic recovery post-pandemic.

Annual GST Revenue and Growth

FINANCIAL YEAR	TOTAL GST COLLECTION (₹IN LAKH CRORES)	YEAR-ON-YEAR GROWTH (%)
2017–18 (JUL–MAR)	7.19[1]	–
2018–19	11.77[1]	+63.7
2019–20	12.22[1]	+3.8
2020–21	11.36[1]	–7.0
2021–22	14.83[1]	+30.5
2022–23	18.10[1]	+21.9
2023–24	19.80[1]	+9.4
2024–25	22.08[2]	+11.6

[1] Source: GST Council monthly and yearly trends report
[2] Source: Press Information Bureau on record gross GST collection

1. Initial Uptake (2017–19): Collections rose sharply in the first two full fiscal years, from ₹7.19 lakh crore to ₹11.77 lakh crore in FY 2018-19, driven by consolidation of multiple indirect taxes and strong early compliance.

2. Pandemic Impact (2019–21): YoY growth slowed to +3.8% in FY 2019-20, then contracted by 7.0% in FY 2020-21 amid lockdowns and economic disruption.

3. Recovery and Expansion (2021–25): A robust rebound of +30.5% in FY 2021-22 was followed by sustained double-digit growth through FY 2024-25, as digital enforcement, e-invoicing, and wider tax net expanded collections.

- **DRIVERS OF REVENUE CHANGE**

1. Unified Tax Structure: Elimination of cascading taxes and introduction of comprehensive input tax credit boosted formalization and compliance. Creation of one nation one tax one market.

2. Technological Integration: E-invoicing, automated reconciliations, and data analytics reduced leakages and widened the taxpayer base. E-invoice has led to formalisation of interstate transport of goods creating transparency and data nodules in the system

3. Economic Cycles: Consumption recovery post-COVID-19 and festive-season spikes (notably in April 2024 and April 2025) underpinned record monthly collections. Also provides insights of the economy as viewed from the consumption side.

4. Policy Measures: Periodic rate rationalization, simplification of filings, and targeted compliance drives enhanced buoyancy as evident from the increased revenue and tax net, reposting faith into the system.

The GST regime has significantly bolstered India's indirect tax revenue, with collections more than tripling in eight years. Continued focus on technology-driven enforcement, rationalization of rates, and ease-of-compliance measures has been critical to sustain this trajectory.

- **A STEP IN THE RIGHT DIRECTION**

The rationalisation of GST is not a cure-all. Concerns around maintaining revenue neutrality for states, reworking compensation frameworks, and further broadening the tax base continue to persist. Yet, as a long-term reform, the Council's move represents an attempt to strike a careful balance between fiscal responsibility and social equity.

By lowering taxes on essential goods and services and simplifying compliance for firms, the reform strengthens India's primary growth driver—domestic consumption. The zero-rating of health insurance and critical medicines highlights sensitivity to the everyday challenges of citizens, while higher taxes on luxury items signal a pragmatic redistributive approach.

To keep up momentum in a volatile global environment, India will need the twin engines of public investment and strong household demand. The decisions taken at the 56th GST Council meeting push in this direction, potentially laying the groundwork for the next phase of India's economic transformation by aligning efficiency with fairness.

- **FUTURE IMPLICATIONS**

The pandemic experience has shaped ongoing GST reforms. GST 2.0, launched in September 2025, incorporates many lessons learned during the crisis, including simplified rate structures (5% and 18% primary slabs), enhanced digital infrastructure, and improved compliance mechanisms. Moreover, the pandemic also has given us a playbook on how to deal with the domino effect of crisis.

Pre-filled returns, faster refund processing, and AI-assisted risk assessment – all developments accelerated by pandemic necessities – are now becoming standard features of the GST system.

The COVID-19 pandemic, while creating unprecedented challenges for India's GST system, ultimately strengthened the tax framework through forced innovations, digital acceleration, and enhanced cooperative federalism. The experience demonstrated that with appropriate policy responses and stakeholder collaboration, tax systems can not only survive major economic shocks but emerge more robust and efficient.

- **SHORTCOMINGS OF THE CURRENT GST REFORMS**

Despite the transformative potential of the GST framework in unifying India's indirect tax regime, complex rate structures and frequent rate revisions continue to impose significant compliance burdens on businesses. With four primary tax slabs and numerous exemptions, taxpayers must navigate a labyrinth of notifications and circulars, often engaging costly consultants merely to determine applicable rates. The absence of a truly rationalized slab structure not only undermines the simplicity objective of GST but also perpetuates cascading effects in certain supply chains, especially for composite or mixed supplies. Large enterprises with in-house tax teams manage to cope, but micro, small, and medium enterprises (MSMEs) bear the brunt of ambiguous classification and frequent arbitrage opportunities exploited by unscrupulous operators.

Another critical lapse lies in technological glitches and system downtime of the GST Network (GSTN) portal. While the intent was to create a seamless digital interface for filing returns, mapping input tax credits, and processing refunds, persistent server slowdowns during due-date periods lead to failed filings, missed deadlines, and automatic late-fee impositions. The lack of adequate load testing and phased rollout protocols for major portal upgrades exacerbates taxpayer apprehension. Moreover, integration with state and central excise systems remains patchy, causing reconciliation mismatches and delayed credit utilizations.

A further drawback is the protracted refund mechanism, notably in export and zero-rated supplies. Exporters often face refund delays exceeding 90 days, adversely impacting working capital cycles and competitiveness. The root cause can be traced to arduous documentary requirements, manual verification layers, and risk-based selection parameters that flag even low-risk cases. Bureaucratic inertia and understaffing at adjudicating offices compound the problem. Meanwhile, tourism and hospitality sectors report similar cash-flow constraints owing to pending provisional credits.

Yet another challenge is the insufficient dispute resolution framework. The multi-tiered GST appellate hierarchy, comprising adjudication officers, first appellate authorities, and tribunals, is plagued with case backlogs and inconsistent judgments across jurisdictions. Small taxpayers, lacking resources to pursue prolonged litigations, often succumb to settlement proposals that dilute their entitlements. The absence of an expedited arbitration mechanism or alternative dispute resolution (ADR) channels leaves many genuine grievances pending for years, eroding trust in the system's fairness.

- **PERSISTING CHALLENGES AND UNADDRESSED ISSUES**

Even after the "big bang" rollout, sector-specific anomalies continue to persist. Construction, real estate, and affordable housing sectors operate under special schemes that inadvertently incentivize under-invoicing and tax arbitrage. The composition scheme threshold, while intended to ease compliance for small suppliers, results in revenue leakage when entities deliberately fragment operations to stay beneath the prescribed limit. Additionally, the treatment of imports under GST demands closer alignment with WTO norms and harmonized customs valuation methods to prevent disputes and ensure seamless cross-border trade.

Inter-state trade, another foundational pillar of GST, still faces logistical and procedural bottlenecks. Despite the elimination of physical check posts, e-way bill implementation gaps at the state level led to frequent document checks and delays. Transporters report inconsistent enforcement protocols, with some states imposing unofficial "petty levies" under the guise of administrative fees. This not only inflates costs but also undermines the single-market vision.

The current compliance matrix also overlooks capacity building and taxpayer education, which are vital for sustaining GST's long-term health. While numerous webinars and helpline resources exist, their outreach remains limited, especially in tier-II and tier-III cities. Language barriers, digital illiteracy, and absence of locally accessible facilitation centers perpetuate confusion among small traders and artisans, who form the backbone of India's informal economy.

To address the rate complexity, the GST Council must embark on a comprehensive rationalization exercise, progressively moving towards two or even a single rate for non-essential goods, while retaining differentiated slabs for items with clear socio-economic rationale. A dynamic schedule review—anchored by empirical burden studies and stakeholder feedback—can ensure rate stability and predictability, thereby reducing litigation and compliance costs.

Resolving IT infrastructure inadequacies demands a strategic partnership with leading technology firms to overhaul the GSTN architecture. Adopting cloud-native, microservices designs with auto-scaling capabilities will mitigate downtime; concurrent deployment of parallel "sandbox" environments will facilitate real-time testing of critical patches before wide release. Additionally, enhancing API interfaces and fostering seamless data exchange with customs, e-invoice, and e-way bill portals will close reconciliation gaps and expedite credit flows.

Reforming the refund mechanism requires strict service-level agreements (SLAs) for adjudicating authorities, supported by AI-driven risk analytics that distinguish high-risk dossiers from routine claims. Automated document ingestion and optical character recognition (OCR) systems can drastically reduce manual intervention. Simultaneously, setting up dedicated "GST Refund Cells" in major commercial hubs will streamline verification and bolster exporter confidence.

Expanding dispute resolution avenues is equally imperative. Instituting a centralized GST ADR cell—mandated to resolve cases within 90 days via mediation or conciliation—will decongest appellate bodies. Furthermore, digitizing the entire litigation lifecycle on an integrated case-management platform will improve transparency, enable targeted capacity building for adjudicators, and allow data-driven policy tweaks to eliminate recurrent areas of contention.

Finally, strengthening taxpayer education must be a priority. Rolling out state-level GST facilitation centers with multilingual support, partnering with industry associations for localized training camps, and deploying AI-powered chatbots on messaging platforms will broaden reach. Tailored e-learning modules and certification programs for accountants and supply-chain intermediaries will cultivate a more informed compliance ecosystem. By combining structural reforms with robust technological and human-resource investments, India's GST can evolve into a truly frictionless, equitable, and growth-oriented tax regime.

CONCLUSION

The implementation of the Goods and Services Tax represents India's most significant indirect tax reform since independence, culminating a 31-year journey from conception to reality. This comprehensive transformation has fundamentally restructured India's fiscal landscape, replacing a fragmented system of 17 different taxes with a unified, destination-based framework that embodies the principle of "One Nation, One Tax."

The GST system stands as a remarkable testament to India's capacity for cooperative federalism. The establishment of the GST Council as a constitutional body with weighted voting mechanisms demonstrates how federal structures can balance central authority with state autonomy. This consensus-driven approach, requiring three-fourths majority with states holding two-thirds collective weightage, has created new benchmarks for constitutional governance in India.

The digital backbone of GST, anchored by the Goods and Services Tax Network (GSTN), has revolutionized tax administration in India. The implementation of e-invoicing, e-way bills, and automated systems has not only reduced compliance burden but also significantly enhanced transparency and reduced tax evasion. The system's ability to handle massive transaction volumes while providing real-time validation marks a technological leap in public administration.

GST has successfully created India's first truly unified national market by eliminating interstate trade barriers and checkpoints. The 20% reduction in interstate movement time and the elimination of cascading tax effects have improved supply chain efficiency and reduced logistics costs across the economy. This integration has been crucial for India's economic growth and competitiveness.

The COVID-19 pandemic provided an acid test for the GST system's resilience. Despite experiencing severe revenue disruptions, with collections plummeting to 32,294 crore in April 2020, the system demonstrated remarkable adaptability. The government's swift response through compliance relief measures, rate adjustments, and digital acceleration not only helped navigate the crisis but emerged with stronger foundations.

The revenue trajectory from ₹7.19 lakh crore in 2017-18 to ₹ 22.08 lakh crore in 2024-25 reflects not just economic growth but also enhanced compliance and formalization of the economy. This more than three-fold increase demonstrates the system's success in broadening the tax base and improving collection efficiency.

The recent GST 2.0 reforms of 2024-25, with their focus on rate rationalization to primary slabs of 5% and 18%, expanded e-invoicing coverage, and streamlined compliance procedures, illustrate the system's capacity for continuous improvement. These reforms balance the objectives of simplification, revenue enhancement, and economic growth while maintaining the delicate federal structure.

Looking ahead, GST serves as more than a tax system—it is a catalyst for economic transformation. By promoting formalization, enhancing transparency, and creating a level playing field for businesses, GST supports India's aspirations for becoming a major global economy. The system's digital infrastructure provides the foundation for future innovations in tax administration and economic governance.

The GST journey from conception to implementation to continuous refinement demonstrates India's institutional capacity to undertake complex reforms while maintaining democratic processes and federal harmony. As India continues to grow and evolve, the GST system will remain a cornerstone of its fiscal architecture, supporting sustainable development and inclusive growth objectives.

This transformation from a complex, fragmented tax structure to a unified, technology-driven system represents not just administrative reform but a fundamental reimagining of India's economic governance, positioning the country for sustained growth in the 21st century.

The success of these reforms will depend largely on the smooth functioning of the GST Network and the readiness of tax administrators and businesses to adapt. Any glitches in the technology platform could create bottlenecks and undermine confidence in the system. Hence, sustained attention to implementation and constant feedback mechanisms will be critical to ensuring that the intended benefits are fully realized.

The GST reforms of 2024–2025 mark a decisive step in India’s journey towards a more streamlined, transparent, and growth-oriented indirect tax system. By simplifying the rate structure, tightening compliance through digital tools, and providing relief to consumers, these reforms aim to balance the twin objectives of economic growth and fiscal stability. Their success will depend on how effectively they are implemented, how well businesses adapt to the new regime, and how quickly the intended benefits reach households and industries. If executed smoothly, these reforms have the potential to significantly enhance India’s consumption, trade competitiveness, and overall economic momentum.

WAY AHEAD:

We at WTC are committed to ensure that business collaborate with each other to grow together. As part of our communication drive, we have received representations from various stakeholders on the impact of the GST reforms and how should business adapt to the new regime. Concurrently, WTC also hosted Shri K.R. Uday Bhaskar, I.R.S., Principal Chief Commissioner CGST and Central Excise Mumbai Zone, Shri Asheesh Sharma, IAS Commissioner of State Tax, Goods and Services Tax Department, Government of Maharashtra, Ms. Ragini Tulsian, Leading Tax Expert and Ms. Anindita Chatterjee, Partner and Deputy CEO, TCN Global Economic and

Advisory Services LLP at an insightful event on 12th September titled as GST 2.0 – What unfolds; Compliance, Policy, and Litigation in Transition.

The researcher has presented his understanding of how business should brace themselves in the coming time with the advent of new GST structure from the event. He has also relied on communications received by various stakeholders, particularly, Dhruva Advisors on how and what should be done. Following is a gist of the recommendations:

1. Revised Rate Structure

- Three slabs: 5% (merit goods), 18% (standard rate), 40% (sin/luxury goods).
- Removal of 12% slab widens classification gaps, raising misclassification risks.

2. Cross-Cutting Impact Areas

- Business Operations & Finance:
  - Review pricing, supply-chain costs, and financial planning for ITC alignment.
  - Exempt now-taxable outputs disallow ITC and trigger credit reversals on stock.
  - Lower output rates (18%→5%) may lead to unutilized credit; inverted-duty refund restrictions apply.
  - Inputs at 5% feeding outputs at 18% increase cash-tax outflows, straining working capital.

- **Contracts & Pricing:**

  - Reevaluate passthrough/adjustment clauses in tax-inclusive vs. tax-exclusive agreements.
  - Renegotiate vendor terms and customer prices to protect margins.

- **Inventory & Transition:**

  - Align procurement, dispatch, and stock clearance (credit notes/discounts) under Section 14 transitional rules.
  - Plan for labeling/relabeling of MRP goods per Legal Metrology.

- **ERP & Accounting Systems:**

  - Update tax codes, product catalogs, billing and POS systems.
  - Reflect rate changes and transitional logic across all customer interfaces.

- **Compliance & Documentation:**

  - Maintain robust records of rate changes, contract amendments, pricing decisions, and ITC reversals for audit readiness.

- **Communication & Training:**

  - Train cross-functional teams (tax, finance, procurement, sales).
  - Issue clear advisories to customers and vendors on price impacts and operational changes.

- **GST Appellate Tribunal (GSTAT):**

  - Prepare for operationalization end-September 2025; hearings from December 2025.
  - File backlog appeals by 30 June 2026; ensure correct bench identification, documentation, and pre-deposit compliance.

- **Government Advocacy:**

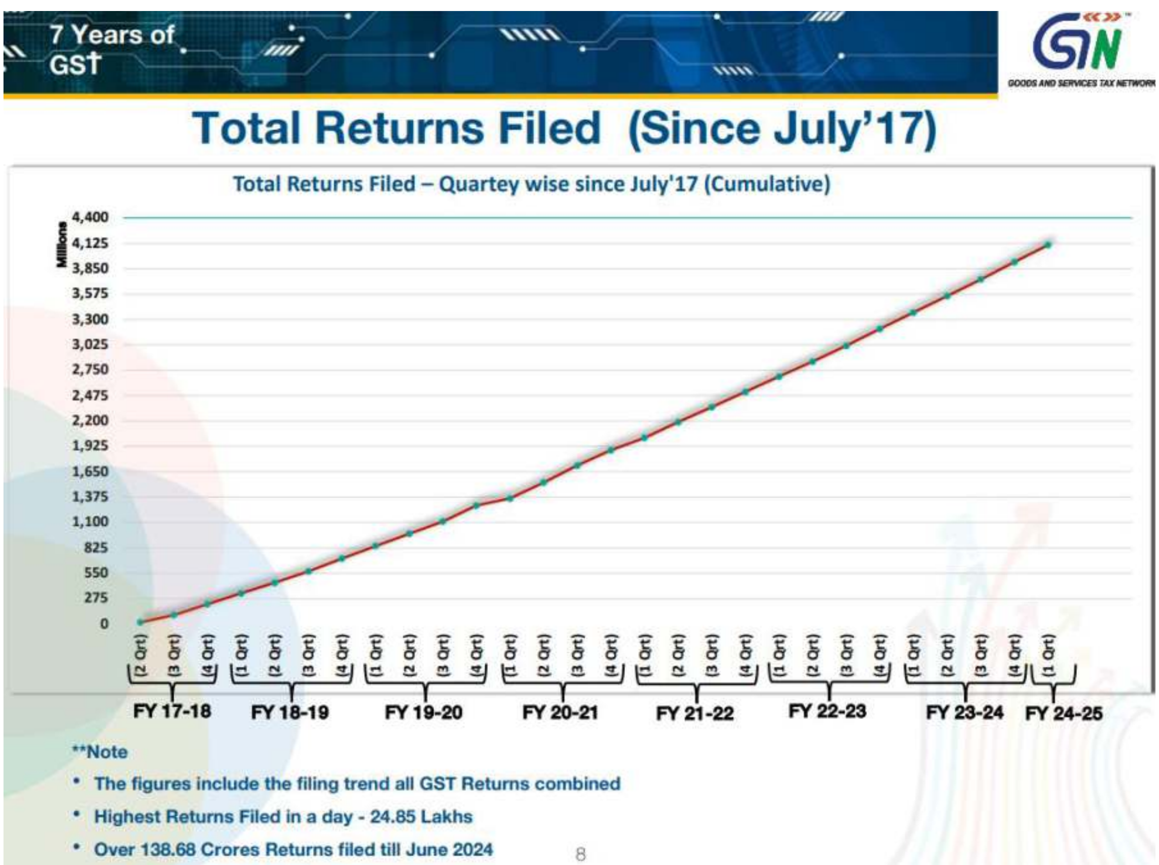
  - Seek relief on accumulated compensation cess, clarity on anti-profiteering, relaxations for inverted-duty refunds, and temporary Metrology easing for re-stickering.

3. Sector-Specific Highlights

- Automobile: Uniform 18% on most vehicles; 40% on luxury; reconcile cess balances; review warranties and incentive structures.
- Logistics: Choose between 5% non-creditable vs. 18% credit-eligible GST options; reassess multimodal and containerized services strategy.
- Insurance: Life and health policies now exempt; proportionate ITC reversals required; group policies remain taxable—revise pricing and commission models.
- Pharmaceuticals: Inverted structure deepens as inputs remain at 18% vs. medicaments at 5%; assess refund eligibility and strengthen input–output linkage documentation.
- Construction & Infrastructure: Cement GST cut from 28% to 18% alters project cost bases; renegotiate composite contracts and review escalation clauses.
- FMCG: Rates cut to 5% on essentials and under- 2,500 apparel; durables at 18%; plan for ITC accumulation, MRP relabeling, and updated billing.

[SOME KEY STATISTICAL INSIGHTS ON GST (SOURCE: GST PORTAL)]


7 Years of GST
GOODS AND SERVICES TAX NETWORK
Registration Trend (Apr – 2022 till June – 2024)
Registration Trend (Active Taxpayers Net of Cancellations)
1,75,00,000
1,40,00,000
1,05,00,000
70,00,000
35,00,000
0
Apr-22 May-22 Jun-22 Jul-22 Aug-22 Sep-22 Oct-22 Nov-22 Dec-22 Jan-23 Feb-23 Mar-23 Apr-23 May-23 Jun-23 Jul-23 Aug-23 Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24 Apr-24 May-24 Jun-24
Migrated
New Registrations
• Figures as at the end of the month
• Figures include all kinds of Registration except UIN
• Figures are net of cancellation and revocation of cancellation with retrospective effect
• The number of migrated taxpayers is as per date of liability (not when the migration got completed) which is 1st July 2017, irrespective of date of migration.

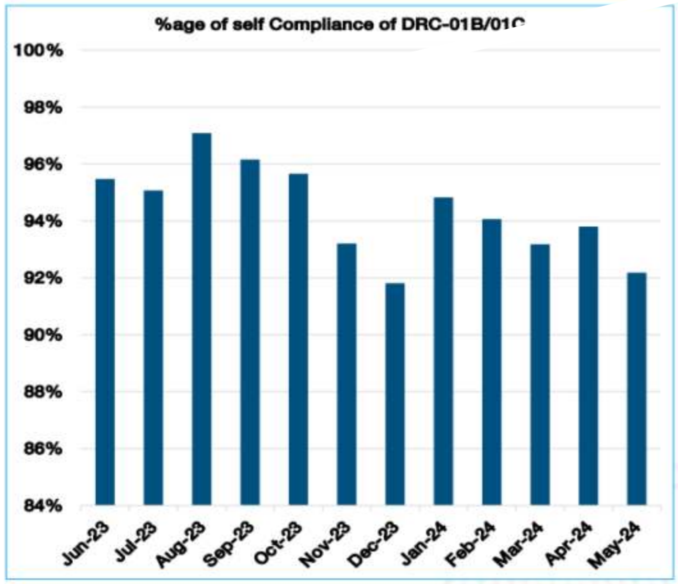

7 Years of GST
GOODS AND SERVICES TAX NETWORK
Total Returns Filed (Since July'17)
Total Returns Filed – Quartey wise since July'17 (Cumulative)
Millions
4,400
4,125
3,850
3,575
3,300
3,025
2,750
2,475
2,200
1,925
1,650
1,375
1,100
825
550
275
0
FY 17-18
FY 18-19
FY 19-20
FY 20-21
FY 21-22
FY 22-23
FY 23-24
FY 24-25
**Note
• The figures include the filing trend all GST Returns combined
• Highest Returns Filed in a day - 24.85 Lakhs
• Over 138.68 Crores Returns filed till June 2024
8

7 Years of GST

GSTN GOODS AND SERVICES TAX NETWORK

Self Compliance by Tax Payers

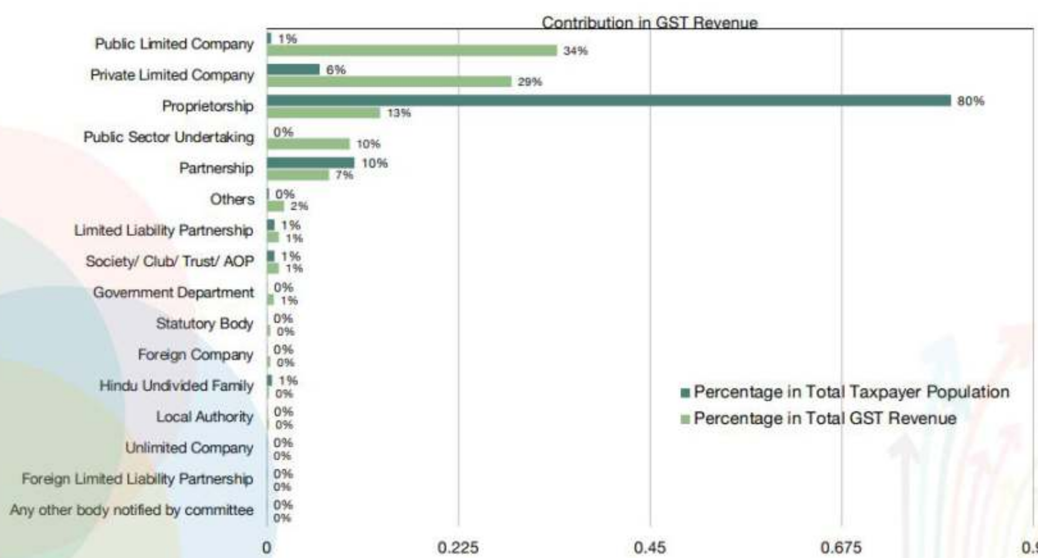
Months	Total Number of DRC-01B/01C issued	No. of DRC-01B/01C Self Complied
Jun-23	972	928
Jul-23	791	752
Aug-23	859	834
Sep-23	9279	8923
Oct-23	14148	13534
Nov-23	9437	8796
Dec-23	7896	7250
Jan-24	10270	9739
Feb-24	8713	8196
Mar-24	14102	13140
Apr-24	7296	6844
May-24	6753	6225



7 Years of GST

GSTN GOODS AND SERVICES TAX NETWORK

Contribution to GST Revenue* from Different Constitutions of Business



**Note

- Status as on 30th June 2024; Return period accounted up to March 2024
- Figures representative of the liability paid by debit made in the Electronic Cash Ledger (doesn't include IGST on imports)

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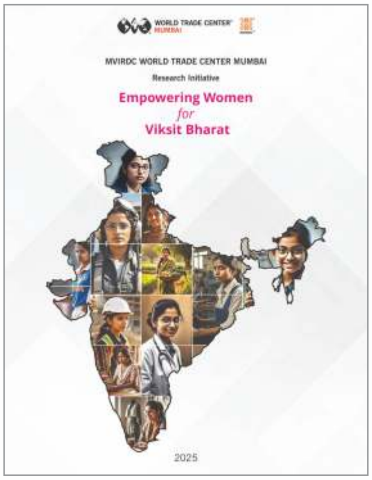
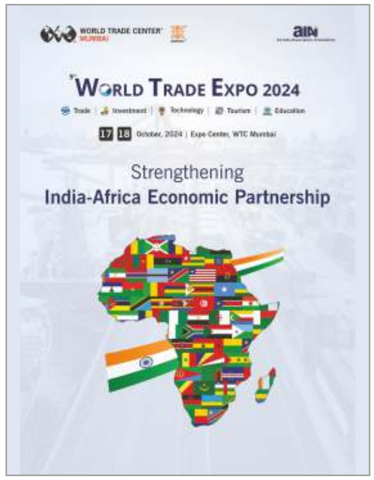
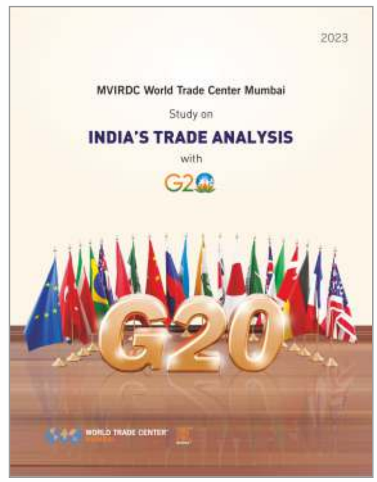
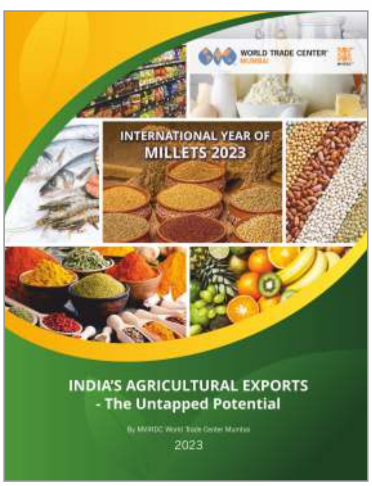
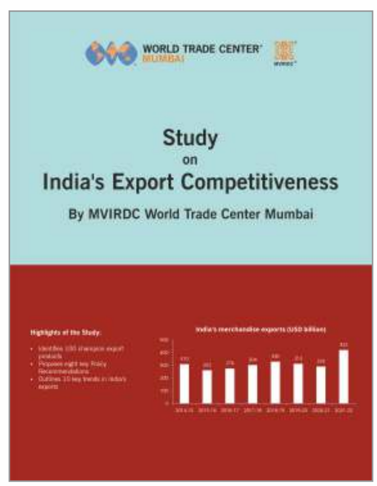
Research Publications











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