



The Indian Journal for Research in Law and Management

Open Access Law Journal – Copyright © 2025

Editor-in-Chief – Dr. Muktai Deb Chavan; Publisher – Alden Vas; ISSN: 2583-9896

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IMPLEMENTATION OF GST 2.0 IN INDIA: A HIT OR A MISS?

~ *Noholie Bonnerjee*

Abstract

The implementation of GST 2.0 on 22nd September 2025 became one of the transformative fiscal reforms since the original GST was launched in 2017 (PIB 2025). It exemplified a structured taxation system by rationalizing slabs and upgrading robust digital compliance. The main idea behind this reform is to integrate ethics in the Indian economy, reducing disputes and encouraging an entrepreneurial spirit within the system.

The main purpose of this study is to comprehensively analyze GST 2.0 within India's complex taxation landscape. It examines the economic impact, spanning consumer inflation moderation, industrial competitiveness, and the formalization of the economy.

Methodologically, this research draws on official government releases, informed critics, and comparative analysis of global value-added tax (VAT) systems. It highlights the strategic objectives behind GST 2.0. The analysis reveals strengths in simplification and widening compliance, alongside weaknesses and threats, such as logistical disruption and uneven benefits across sectors. Comparatively, the narrative surveys the former regimes and international models, while confronting policy challenges with reflections and recommendations.

Ultimately, the model of GST 2.0 is based on sustained stakeholder co-operation, adaptive administration, and judicious mitigation of transition shocks. While early signals suggest promise, the on-ground realities should be monitored to ensure revenues, business expansion, and consumer welfare. In conclusion, the real question this paper raises is whether GST 2.0 is a catalyst for the Indian economy or a miss.

Keywords: Indian Economy, Taxation, Goods and Services Tax, Viksit Bharat Vision, Policy Analysis

Introduction

India's experiment with large-scale indirect tax reform started with the original Goods and Services Tax (GST) in 2017, unifying state and central levies. This creates a single domestic market. The initial structure replaced the complicated and overlapping taxation system (Malhan, 2025). The model included Value Added Tax (VAT), Central Excise Duty, and Service Tax. However, multiple slabs, administrative bottlenecks, and compliance burdens for businesses exposed inefficiencies in the system. Over the past eight years, cascading taxes, slow refund processes, and limited input tax credit (ITC) flows turned achievements into obstacles. To address the complexities of the existing taxation system, the Indian government redesigned the model by simplifying the tax structure and improving compliance through digital innovation (MT and George, 2025). The main goal was to promote investment, consumption, and fair growth.

The GST Council reduced complexity through dual rates, corrected the duty structures, and introduced sectoral exemptions for healthcare, insurance, and life-saving drugs. By including expedited registration for low-risk firms and a streamlined refund mechanism, the model boosts confidence in compliance and minimizes cash flow disruptions (Drishti, 2025).

Stakeholder responses reveal cautious optimism. MSMEs and consumers anticipate direct relief through lower prices and easier compliance. The larger enterprises also contend with rapid Enterprise Resource Planning (ERP) system transitions and relabeling costs. Fiscal policymakers face the dual challenge of managing a near-term revenue shortfall (estimated at INR 48,000 Crore) alongside demand-led expansion and an enhanced tax base over the medium term (Kotak, 2025). The balance enables private-sector growth and sustained welfare spending capacity, as demonstrated by the present policy debate.

A comprehensive assessment of GST 2.0's policy design, sectoral impact, and on-ground implementation is essential. It should address not only fiscal analysis but also legislative reforms, government schemes, and a feedback system involving citizens (Bhati, 2025). As India realigns its taxation system with the Viksit Bharat vision, these reforms determine the system's capacity to deliver. The system aims for inclusive growth, fiscal resilience, and strong institutional adaptability (PIB, 2025). Therefore, GST 2.0 can be a 'game-changer' for the taxation system if implemented properly based on stakeholder needs (Nivesh, 2025).

Pre-GST Era: An Overview of the Indian Taxation System

Before introducing GST, India's tax system was characterized as fragmented. Both central and state indirect taxes resulted in declining effects, jurisdictional disputes, and significant compliance costs. The central government levied excise duty, service tax, and customs duty. While states collected VAT, octroi (a local tax levied by a municipal body on goods brought into the city/paper for consumption) was abolished in India. This reduced the overall dense tax burden, blocking the supply chain and inflating consumer prices.

With attempts at economic harmonization through the introduction of VAT in the early 2000s, it partly addressed the decline while integrating. The reasons stated were limitations in credit transfers and variations in tax policies implemented by states. The lack of a 'national market' meant goods crossed state borders with added taxes and delays in delivery, eventually increasing the cost of commodities. Additionally, interstate commerce was non-uniform in nature. This meant that each commodity had different rates, excluding key sectors such as alcohol and petroleum (Bajaj, 2025).

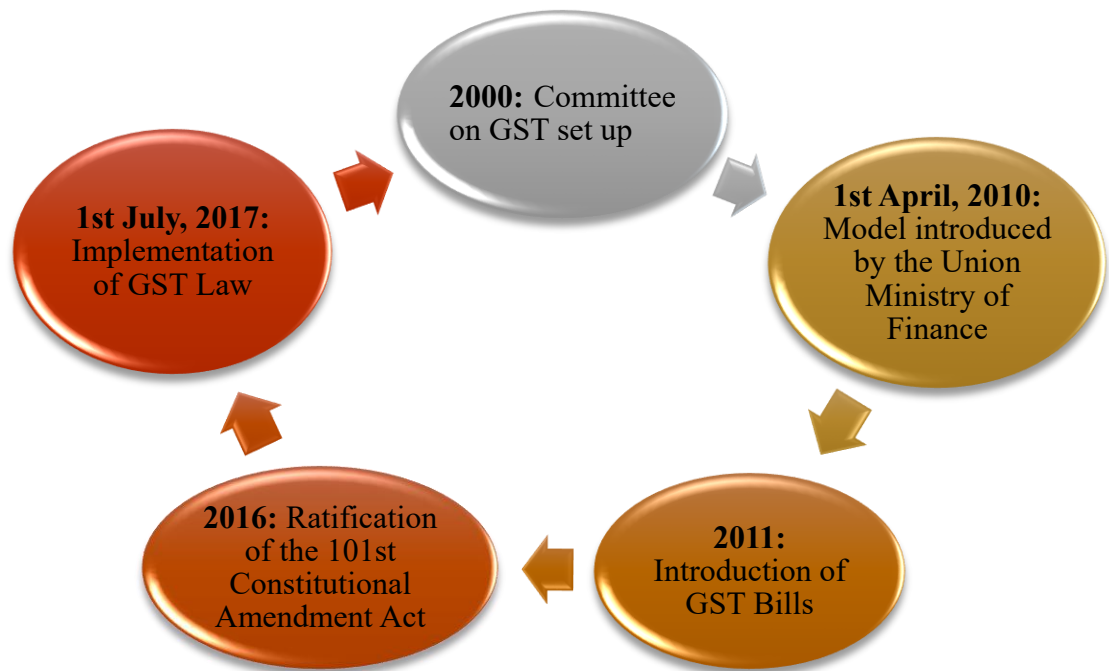
Direct taxation, namely Income tax and corporate tax, remained separated from the indirect tax slabs since the 1990s Liberalization, Privatization, and Globalization (LPG) reforms in the Indian economy. With the open economy taking place, indirect taxes directly influenced industrial competitiveness, inflation, and fiscal decentralization among states. This drew criticisms from industry associations, economists, and international investors for inefficiencies and blockage in economic growth.

Providing a solution, the Modi government introduced the model of GST (Goods and Services Tax) on 1st July 2017. Considered to be a revolutionary for the Indian economy, it operated as a destination-based consumption tax, eliminating the "tax on tax" system. Historically, it was supposed to eliminate additional indirect taxes by integrating into a model, functioning nationwide. However, its multi-slab approach, compensation cess (tax imposition on sinful items) on tobacco and related products, and disputes among states regarding rate variations kept the door open for reforms (Ainapur, 2025, 110). After facing administrative challenges, the policymakers established a rationalized taxation system with a structural framework in the form of "GST 2.0". This promised a consolidated rate, digitized compliance, and strategic exemptions, all of which were missing in GST 1.0.

Goods and Services Tax (GST): The Concept

GST is a single domestic tax levied on the consumption of goods and services, unifying the landscape of Indian indirect taxation. It is a multi-stage destination-oriented tax imposed on every value addition, replacing multiple taxes. In this regime, tax was charged at each point of sale. Introduced on July 1, 2017, it subsumed central and state taxes into one comprehensive one, covering nearly all economic activity except sectors such as petroleum, alcohol, and electricity (Bajaj, 2025).

- **Historical Background**



GST was first implemented as a tax regime in 1954 in France, and later adopted by several countries, including Australia, Canada, the United Kingdom, Spain, South Korea, Monaco, etc. In India, the GST came into force in 2000 after the setup of the Empowered Committee of State Finance by Atal Bihari Vajpayee, the then Prime Minister. The purpose of this committee was to study sales tax reforms (PIB, 2025). Headed by Vijay L. Kelkar, the then financial advisor, he concluded that “*GST could improve the tax structure in India*”. The model was introduced on 1st April 2010 by the Union Ministry of Finance. The Constitution Amendment Bill facilitated the introduction of the GST law in 2011. The four supplementary GST bills were passed in the Lok Sabha and approved by the Cabinet. In 2016, the 101st Constitutional Amendment Act was passed and ratified 2016, providing the pathway for GST. Eventually, the act came into force on 1st July 2017, as a “*path-breaking legislation for New India*” (PIB, 2025).

Upon completion, the GST replaced central taxes such as service taxes, duties of concise, excise duties, cess and surcharge, additional duties of excise and customs. In terms of state, the GST services integrated entry tax, purchase tax, luxury tax, state VAT, central sales tax, entertainment tax, taxes on advertisements, along with taxes on gambling and lottery.

- **Purpose of the Act**

By increasing the tax-to-GDP ratio and revenue surplus, GST indicated a higher tax collection. This led to higher revenue for the government through this service. Additionally, it promised to decrease corruption levels and tax evasion, along with removing constraints associated with logistics and input tax credits. As a domino effect, the productivity of enterprises was also expected to increase, improving tax efficiency.

- **Types of GST**

GST can be classified into four categories. The central government charges CGST on the intra-state transaction of goods and services. Mostly collected by the central government and used for central government spending. On the contrary, the State Goods and Services Tax (SGST) applies to the supply of goods and services within a particular state. This generates revenue for various internal projects and operations, except for alcohol consumed by individuals.

The Union Territory Goods and Service Tax (UTGST), similar to the SGST, applies to specific territories with their own legislature, such as Chandigarh, Ladakh, Dadra and Nagar Haveli and Daman and Diu, Andaman and Nicobar Islands, and Lakshadweep. However, union territories with legislatures, such as Delhi, Jammu and Kashmir, and Puducherry, fell under SGST. Integrated Goods and Services Tax (IGST) become unique in this aspect, as it is levied on the inter-state supply of goods and services. It applies to a transaction occurring between different states or union territories, as well as to imports and exports. The central government is responsible for collecting IGST, revenue shared between the central and state governments (Bajaj, 2025).

Therefore, the GST regime aligns with the global practices, applied at each supply stage, but with provision for the Input Tax credit against tax liability on outputs.

GST's initial slab structure, involving 5%, 12%, 18% and 28%, reflects various consumption patterns but soon resulted in complexity and interpretation disputes. Administrative challenges included the speed and accuracy of registration, invoicing requirements under the GST Network, refund delays, and ITC matches, creating frictions for businesses and supply chains

(Ainapur, 2025, 110). The act benefited transport/logistics, manufacturing, and retail, where state border delays and compliance costs were reduced. However, voices from MSMEs, exporters, and certain state governments can raise concerns over the multi-slab complexity, refund bottlenecks, and uneven credit flows (Clear, 2025). Therefore, as a dynamic policy, GST's evolution attempts to balance simplicity, equity, and growth across its vast, diverse economic landscape.

- **Advantages and Disadvantages**

Since its implementation as an act, GST services reorganized the taxation system, producing macroeconomic gains and mitigating disputes based on varied rates. The transformation from a multilayered revenue to a single structure streamlined both administrative and financial obligations. Businesses had an edge as administrative interference was reduced, giving ease to conduct commercial activities. This elevated not only the domestic market but also boosted foreign investments in the economy. With increasing competition among businesses, quality cannot be compromised. This shifts the market from '*product-based*' to '*consumer-based*', a phenomenon addressed during the LPG reforms in 1991 (Bajaj, 2025).

Digital implementation of GST has also enabled strictness in tax collection. Tax negligence, under this system, cannot be entertained now (Clear, 2025). This encourages small enterprise regulations, strengthening economic data collection, and improving revenue generation. With proper execution, a moderate price range for consumption products was created, benefiting both businesses and consumers in the long run.

However, implementation challenges have persisted. While GST promised small enterprises with an annual turnover of up to Rs. 1.5 crores, it became difficult for them to fulfill the administrative requirements, leading to increased operational expenses and management crises. In addition, the input tax credit laws also contributed to the increasing burden. MSMEs also struggle to strike a balance between the cost of digitalization of commerce and the traditional taxation hierarchy, making it difficult to sustain in the economy. Several products, especially in the luxury segment, saw an increase in tax rate, elevating the consumer prices. This contradicts the promise of "*reasonable pricing*" that customers have to now adjust to the new system.

In terms of fiscal distribution as well, the system could be declared 'centralized' in nature. Why? Because the central government benefited the most from a wider tax range (Ainapur, 2025, 111). The state governments, especially with an opposition, experienced slower revenue

growth due to rationalization of states and removal of compensation cess. These differences created a debate on whether GST was successful in making an impact based on ground realities.

On-Ground Impact of GST in the Indian Economy

The reaction to the GST implementation as a policy was mixed. For average citizens, it presented mixed outcomes. Essential items were under lower tax brackets, initially protecting households from excessive taxation through the Consumer Price Index. By eliminating the additional taxes, inflation became stable in certain sectors. This improved the inter-state logistics, offering consumers reasonable pricing. However, the impact varied from sector to sector. While essential items are stable, luxury items saw an increase in retail prices. In terms of economic growth, GST reforms increased the GDP rate by 25%-30% since 2017. This equalized effective tax rates and formalized business activities (Clear, 2025).

With more progress, the GST 2.0 can be an engine of growth, formalization, and digitalization (PIB, 2025). Early data show a boost in consumption, particularly in fast-moving consumer goods, real estate, and automotive sectors. While bank credit to industry doubled during the reform, revenue shortfalls have triggered select state-level tax hikes in property, alcohol, and fuel. Therefore, the macroeconomic impact remains uneven sector-wise, with short-term fiscal losses and long-term economic dynamism being a matter of concern (Ainapur, 2025, 111).

The Next-Gen Reforms: GST 2.0

Over eight years, GST steadily rationalized and digitalized the indirect tax framework. Further, this model has been reformed by the Ministry of Finance and the GST Council to adopt a progressive approach. Considered to be a “*Diwali gift*”, the 56th meeting of the GST Council, chaired by Union Finance Minister Smt. Nirmala Sitaraman implemented the next-gen reforms, fondly titled ‘GST 2.0’ (PIB Delhi, 2025). The main focus is now given to consumers and enterprises, improving lives and committing towards “*the ease of doing business*”. The reforms will not only benefit them, but also other sectors such as healthcare, insurance, handicrafts, agriculture, and automobiles.

- **Implementation Background**

Initially, the changes in GST rates of goods and services were supposed to be implemented from 22nd September 2025 (PIB, 2025). However, keeping in mind the funds to fulfil the

obligations under the compensation cess account, the Council plans to execute GST rates in a phased manner.

- a. **Phase 1 (Change in rates):** The changes in GST rates on goods and services came into effect from 22nd September 2025, except for pan masala, gutka, cigarettes, tobacco products, and other related products. As pan masala, gutka, cigarettes, and tobacco products are considered harmful for health, their rates remain in higher tax slabs (40%), applying compensation cess wherever applicable.
- b. **Phase 2 (Revised system of Grants):** Under the Central Goods and Services Tax Act (2017), the Central Board of Indirect Taxes and Customs (CBIC) shall operate the revised grants related to the 90% provisional refunds out of the Inverted Duty structure. This shall be conducted through data analysis and risk evaluation.
- c. **Phase 3 (Goods and Services Tax Appellate Tribunal):** The GTSAT started accepting appeals from September and will commence hearing before the end of this year. The principal bench shall also serve as the National Appellate Authority for Advance Ruling.

By implementing in phases, consistency will be maintained in the implementation process. This provides a mechanism for dispute resolution along with certainty for taxpayers.

- **What's unique about GST 2.0?**

PM Modi, in his Independence Day speech, promised benefits for every consumer and various sectors. One of the salient features of this next-gen model is the simplification of the two-slab tax structure- 5% and 18%. The reforms cut taxes on household essentials to 5% or Nil, boosting affordability. The rate of medicines reduced from 12% to 5% or Nil in some cases. Even the automobile sector and electronic items benefited from the change in tax rates. Two-wheelers, small cars, TVs, Acs, and cement rates were reduced from 28% to 18%, bringing relief to middle-class citizens. The agriculture sector also witnessed changes in this regard. Farm machinery and irrigation equipment, two basic tools for cultivation, saw a shift in rate from 12% to 5%. This, in return, reduced the farming costs. The model also delivered tangible changes across India's business landscape (PIB, 2025).

MSMEs report relief from complex tax slabs, clarifying input tax credit, record keeping, and smoother fiscal administration. The simplified registration and return filing through digital platforms has made refunds faster, easing the burden for startups. Exporters can now benefit

from a streamlined refund process and a reduction in dispute costs. However, luxury items, just like the previous model, saw a setback (Kotak, 2025). With 40% tax on sinful items on pan masala, tobacco, aerated drinks, high-end cars, yachts, and private aircraft, the rates ensure a balance in revenues.

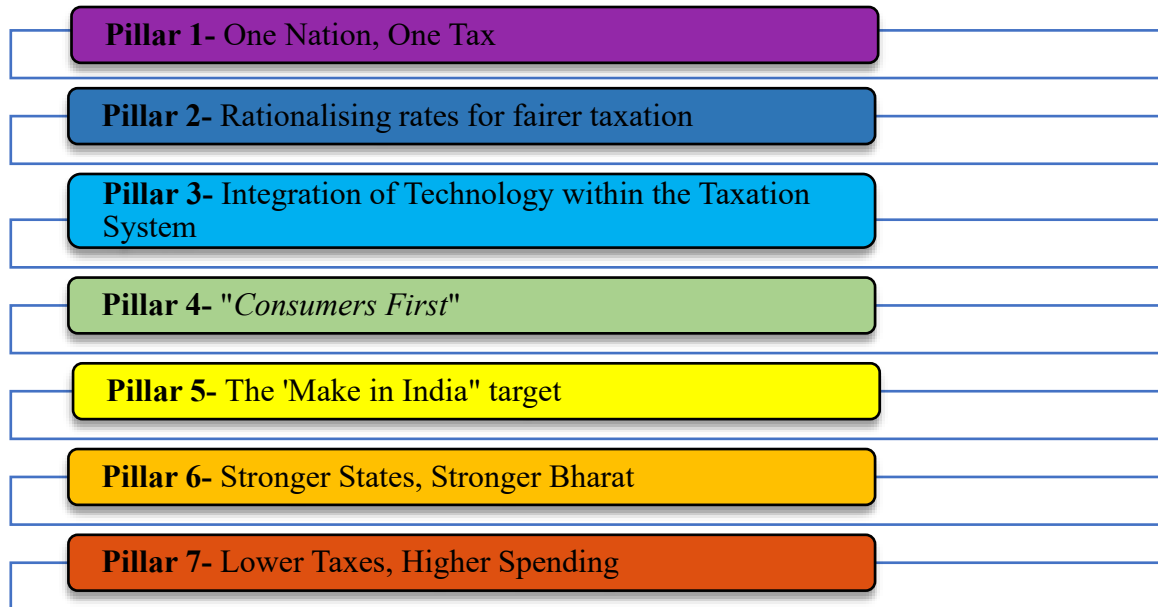


Fig: The Seven Pillars of Next-Gen GST Reforms (Source: PIB Delhi)

The seven pillars of the Next-Gen GST Reforms ensure a framework to achieve the objectives of GST 2.0. While the “*One Nation, One Tax*” promise expands the taxpayer base, the rationalised rates smooth the duty structure, facilitating a faster refund process. Technology can integrate digital compliance with e-invoicing and AI-driven risk detection for ethical tax collection. Consumer is the priority in this model, where essential items are now affordable. By empowering states with sustainable revenue growth, the GST model gets decentralized, positively influencing both the central and state levels. With the rising demands, the industries grow, eventually leading to the availability of cheaper goods and services.

- **Sector-wise impact of GST 2.0**
 - a. **Food and Household Sector:** Brought direct savings by reducing taxes on consumption goods. Products like Ultra-High Temperature (UHT) milk, pre-packed chana/paneer, and Indian breads became NIL rates. Household goods and food items saw a reduction from 12%-18% to 5%. Durable items such as TVs, ACs, and dishwashers also brought a dual win, where a shift is seen from 28% to 18% (PIB 2025).

- b. **Building Materials:** The cut in GST on cement and construction materials can lower the cost of homes and infrastructure projects, making affordable housing accessible. This can also increase demand in real estate and create employment in the construction sector.
- c. **Automobile Sector:** A Clearer classification of vehicles and Auto parts can mitigate conflicts, improve financial flows, and support growth in India's automotive manufacturing and exports. This can also pave the way for competing with countries leading in this sector, such as South Korea and China.
- d. **Agricultural Sector:** Cheap machinery and lower rates on bio-pesticides can encourage organic farming and sustainable living. Additionally, the correction in the inverted duty structure on fertilizers can also boost domestic fertilizer production, aligning with the Atmanirbharta vision and the Make in India objective in terms of industries and skilling.
- e. **Service Sector:** The lowering of GST on hotels, gymnasiums, health and wellness centres made hospitality and service industries affordable for citizens. With 5% as a rate for hotels, gyms, salons, barbers, and yoga centres, wellness has now become accessible.
- f. **Toys and Handicraft Sectors:** By fixing the duty structure, a competition has been created within the toys and handicraft industries. Strategically, this can support artisan livelihoods, preserve the cultural heritage, and develop the rural economy. While the previous model gave toys and handicrafts at 12-18%, the new generation makes it affordable, reducing the tax range to 5%.
- g. **Education Sector:** With this new model, education became affordable. From 12%, stationery items now enjoy nil percent taxation, directly supporting families and students, especially from economically backward classes, ensuring "*education is for all*".
- h. **Medical Sector:** The reduced rates on medicines and medical devices improved healthcare accessibility, providing an ecosystem to support domestic manufacturing in the pharma and medical equipment sectors. While life-saving drugs and diagnostic kits do not charge any taxes, spectacles, medical oxygen, thermometers, surgical instruments, homeopathic medicines, ayurveda, Unani, dental, and veterinary devices will now charge 5% tax.

- i. **Health and Insurance Sector:** GST exemptions on life and health insurance premiums expand financial protection and support the vision of “*Mission Insurance for All by 2047*”. This makes individual life insurance, health insurance, floater plans, and senior citizen policies accessible for all at an affordable price.

- **Strategic Importance**

In terms of strategy, the next generation GST reforms not only reduce tax rates but also create a cycle for growth. Cheaper goods and services increase household savings and stimulate consumption, while the reduced rates in the service, construction products, handicrafts, and automobile industries make the competition tough. A two-rate structure also determines fewer disputes, rapid decision-making, and less bureaucratic interference. With exemptions on insurance, healthcare, and education, social welfare aspects are protected for households (Nivesh, 2025). An economic momentum is created where lower costs result in higher demand, eventually leading to a larger tax base based on sustainable growth. Therefore, GST has now become more ‘citizen-centric’ and business-friendly compared to the previous 2017 generation.

- **On-ground Reality**

Though there is strategic relevance on paper, on-ground challenges persist. States face significant revenue pressure due to the removal of compensation cess, potentially INR 80,000 to INR 1.5 Lakh crore in aggregated losses. Several states have hiked ancillary taxes on property, liquor, and fuel, highlighting tensions between the Centre’s growth-oriented strategy and state-level budget requirements. Fiscal sustainability was dependent on GST expansion and loss recovery through higher compliance and demand (MT and George, 2025, 191).

The promise of GSTAT is profound, yet operational delays in tribunal rollout remain a concern. Full GST exemption on life and health insurances is transformative; insurers struggle with compliance clarity for hybrid products and legacy schemes. Classification ambiguities persisted, especially for composite supply and bundled services. While e-way bills streamline movement, sporadic GSTN outrages and registration glitches frustrate businesses, particularly small traders. Initial assessments indicate an INR 2 Lakh Crore stimulus, yet fiscal managers monitor revenue shortfalls and offset them with targeted liquidity measures.

Though digital compliance promised transparency and conflict resolution, an upgrade is required technologically for the industry, especially for smaller firms (Team, 2025). The transition to new ERP systems, procurement re-labelling, and workforce retraining poses costs

and operational risks. This leads to capacity building, feedback loops, and adaptive policy support, positioning India for a multi-decade economic transition.

Strengths and Limitations

By leveraging demographics, encouraging entrepreneurship, and building robust networking channels, it can prepare India as a nation for international competition (Nivesh, 2025). Through its tax policies, including GST generations, the country can set a benchmark for global investment and economic sustainability. The reform's strategic alignment with MSME support and household relief can be a fundamental asset.

However, threats are also evident in the implementation process. The policymakers cannot ignore the risks of revenue gaps and improper power distribution between the centre and states. With the digital divide, adaptation barriers for small enterprises and short-term adjustment pain weaken the act's implementation. Translation glitches in IT, resistance from unorganised sectors, and regional disparities constrain the immediate benefits (MT and George, 2025, 188). To prevent such risks, sustained stakeholder engagement and a regulatory monitoring system should be followed.

Comparative Analysis: France's Goods and Services Tax Code (2022) and India's GST 2.0 Act (2025)

France implemented a comprehensive GST Code effective from January 2022, integrating various domestic tax laws, customs codes, and excise duties into a legislative framework. Similar to the GST Act (2017) in India, France also progressively centralized tax administration to a single directorate to reduce management crises, along with assisting with indirect taxes. However, the real distinction lies in the tax procedures.

While India's GST 2.0 suffers from the multi-layered governance involving the GST Council and multiple administrative authorities, France, based on EU VAT directives, enhances predictability and legal clarity across the supply chain (Evaluating, 2020). The regulatory fragmentation in India establishes resolution bodies such as GSTAT and the National Appellate Authority, but the impact remains questionable.

Another aspect of French's GST code is its engagement with stakeholders through workshops, advisory panels, and public consultations. Though GST 2.0 has the same provisions, the gap between the policy and the stakeholders persists, as they don't know how to implement it. In

France, businesses communicate with the small enterprises that find it difficult to implement through schemes like basic exemption and simplified regime languages. Trainings are also provided to adapt to regulatory changes. Similarly, India also conducts events such as the CGST Kanpur ‘SAMVAD’ consultative forum, bringing together traders, entrepreneurs, experts, and policymakers to discuss reforms and collect feedback. However, a disconnect is observed between stakeholders due to a lack of communication and inadequate capacity building of start-ups and small entrepreneurs.

What makes the French VAT efficient is the gradual reforms taking place over the decades, implemented since 1954. The tax has multiple schemes tailored to business sizes, such as basic exemption for MSMEs without VAT filing obligations, reduced account burdens, and a normal regime for large businesses requiring detailed filings. GST 2.0 also commits to moving to the same path through slab rationalization, integration of AI into taxation, and dispute resolution mechanisms.

India needs to walk a long way to reach its target destination. While the original GST improved tax formalization and banished the “*tax on tax*” system, it struggled with rate disputes and regional disparities. Therefore, the GST 2.0 is expected to overcome these shortcomings through continuous cooperation between the centre and the state for revenue balance and policy coherence.

Reflections and Recommendations

As GST 2.0 faces classic policy hurdles such as legacy IT infrastructures, stakeholder buy-in, uneven regional adaptation, and political contestation foremost, policymakers need to ensure fiscal stability amid rate reductions and boosting compliance without growth for sustainability and longevity.

But how? What are the steps for policy improvements?

The following are some policy recommendations that address the issue and provide solutions for the same.

- a. **Unified Tax Code and Authority:** Just like France, India should also adopt a unified tax code to reduce fragmented governance and regional disputes. The “*One Nation, One Tax*” agenda of GST 2.0 ensures centralization in tax administration, reducing complexities. However, it should also ensure an equal distribution of resources and power in terms of implementation between states and the central government.

- b. **Communication and Engagement within Enterprises:** The big industries of India should assist the start-ups and smaller enterprises in terms of capacity building, tax exemptions, and professional support. This can fill the implementation gaps, making the regulatory process easier.
- c. **Infrastructure Development:** For integrating AI into the taxation system, the infrastructure needs to be developed, especially for digital platforms. Through e-gov platforms, such as MyGov, Digilocker, and UMANG apps, transparent feedback mechanisms should be set up for fostering a proactive administration, catering to all types of people, irrespective of their social background and demography.
- d. **Institutionalize Regular Review and Adaptive Reforms:** India should take inspiration from the OECD countries and the EU for setting up commissions for policy reviews (Evaluating, 2020). The Legislative Evaluation and Impact Assessment Act (2025) ensure this through the setting up of the Parliamentary Standing Committee for scrutiny of acts before implementation. Additionally, the council should also ensure clear mandates for monitoring, reviewing, and adjusting features, dynamically learning from international practices.

Therefore, India should ensure economic inclusion, fiscal balance, and transparency to ensure institutional capacity building within the newly reformed taxation system.

Way Forward

GST 2.0 can be positioned as the fiscal backbone of the Viksit Bharat Vision of India@2047. By rationalizing rates, easing compliance, and empowering formalization, it underpins core development priorities. This includes growth, sustainable competition, economic inclusion, and citizens' engagement in governance. The reform enables young India's aspirations, creating a level playing field for MSMEs and supporting long-term infrastructure, education, and social welfare investment through robust and transparent revenues (Narayanan and Sengupta, 2025, pp. 11-17). Therefore, India at 2047 will be prepared to stand with other nations internationally in terms of competition and leadership.

Conclusion

To conclude, the ultimate success of GST 2.0 lies in harmonizing fiscal sustainability with inclusive growth, supported by continuous cooperation among stakeholders and transparent

governance. If implemented with committed stakeholder engagement and ongoing policy adaptation, it can catalyse India's economic transformation, preparing the nation for competitive global leadership by 2047. However, if the concerned issues are not addressed and amended, it can also bring hurdles in taxation, destroying the very essence of ethical governance and increasing the tax burdens on the middle class and poor sections of society. Thus, whether the implementation of GST 2.0 in the Indian economy will be a hit or a miss depends on the intention of the policymakers and the government.

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