

23

The Role of GST in Reshaping India's Revenue Landscape

Malay Das* & Prashanta Sharma**

Abstract

The Goods and Services Tax (GST), implemented in July 2017, marked a significant shift in India's taxation framework, aiming to unify the country's complex indirect tax structure. This paper explores the transformative role of GST in reshaping India's revenue landscape. By replacing multiple cascading taxes with a single streamlined system, GST has improved tax compliance, broadened the tax base, and enhanced revenue collection for both the central and state governments. The mechanism of input tax credit and digital tracking has increased transparency, reducing tax evasion and promoting formalization of the economy. Despite initial challenges during implementation, such as technical glitches and compliance burdens for small businesses, GST has gradually stabilized and demonstrated positive long-term impacts. This abstract provides an overview of how GST has influenced fiscal federalism, increased efficiency in tax administration, and contributed to the overall economic growth of the country by fostering a more robust and integrated revenue system.

Keywords: *Indirect Taxation, Revenue Generation, Tax Compliance, Fiscal Federalism, Economic Formalization and Input Tax Credit.*

* Lecturer in Humanities (Commerce), Chirang Polytechnic, Assam

** Head of the Department, Department of Commerce, Gauhati University, Assam

Introduction

India operated a tax structure based on Goods and Services Tax prior to its implementation which contained multiple layers that existed in separate domains. Government taxes at both national and state levels created multiple taxation layers including Central Excise Duty, Service Tax, Value-Added Tax (VAT), Central Sales Tax (CST), Octroi, Luxury Tax, and Entry Tax together with several other taxes. Every tax in the system had distinctive rules and compliance systems it with and administrative authority boundaries which generated inefficiency and caused taxing effects that spread throughout the country while creating unevenness in tax regulations. The existing system acted as a hindrance for businesses operating between different states while simultaneously making operations more expensive and straining both compliance requirements and transparency measures.

The Government of India made a historic transformation through the implementation of the **Goods and Services Tax (GST) on July 1, 2017**. Tax structure simplification alongside market unification combined with elimination of tax chain effects along and technological improvements in systems were among the main reasons behind GST establishment. GST's objective in bringing diverse indirect taxes together into one unified system aimed to enhance business conduct simplicity and it boosted both distribution networks and company participation in the official taxable sphere. The new tax system would achieve better monitoring while expanding its tax base to improve overall collection amounts.

In the context of **financial receipts**, GST holds substantial importance for both the **Central and State Governments**. The tax functions as a **destination-based consumption tax** that establishes a direct connection between economic activities and tax revenue generation thus building it as a crucial element in the country's fiscal system. Tax revenue follows transparent predictable paths under GST structure which reduces lost funds so that the government can efficiently collect funds from various sources. The introduction of GST led India to transition from production-based taxation towards consumption-based taxation methods which were compliant with international tax practices. GST has

evolved into a significant financial receipt generator for the Union Government that currently shapes national budgetary trends.

When GST came into effect it changed how taxes operated in India along with transforming the way the country generates revenue. This chapter delves into the structural aspects, performance trends, and policy implications of GST in the context of India's financial receipts from 2017 to 2025.

Structure and Mechanism of GST:

A key purpose behind the Goods and Services Tax (GST) has been to create a comprehensive indirect tax reform that integrates the Indian market structure and optimizes tax administration. The dual model design of GST functions through multiple tiers of taxation while dividing responsibilities between the Central government and state governments of India. Its operational structure together with its governance mechanisms are fundamental to understanding its operational methods, distribution processes, technological integration for taxation purposes.

1. Types of GST: CGST, SGST, IGST, and UTGST

The GST system includes four distinctive tax components that balance nationwide and state financial powers.

The Central Government administers the **Central Goods and Services Tax (CGST)** through taxation of domestic transactions of goods and services. The implementation of GST eliminates central taxation which formerly consisted of excise duty, service tax together with central surcharges.

The State Governments run a tax program named **State Goods and Services Tax (SGST)** which tracks the same intra-state supply. Among state taxes, the system substitutes and integrates VAT with purchase tax and entertainment tax.

The **Integrated Goods and Services Tax (IGST)** serves the Central Government and enables it to collect revenue from **inter-state supplies** and imports. The revenue generated from IGST will be properly divided between central government and the state where the sales occurred. Businesses can avoid paying several taxes on their interstate transactions through the implementation of Integrated Goods and Services Tax.

Union Territory Goods and Services Tax (UTGST) is applied in Union Territories without a legislature (e.g., Chandigarh, Lakshadweep, etc) in place of SGST. The system functions together with CGST when supplying goods within a Union Territory.

The dual structure of indirect taxation permission between governments creates a system of cooperative federalism that eliminates tax duplication between national and sub-national levels.

2. GST Council and Its Role

The GST Council stands as a vital element of GST structure by conducting both policy development and implementation activities. The GST Council functions as an essential group established according to Article 279A of the Constitution where the Union Finance Minister serves as chair with the Union Minister of State for Finance and Finance Ministers from each state and UT legislature.

The Council is entrusted with:

- Making suggestions regarding the GST tax rates along with their respective slabs.
- Determining exemptions and special provisions.
- Dispute resolutions in addition to maintaining consistent taxation practices throughout the country.
- Reviewing and assessing all GST legislation alongside its rules and the various threshold amounts.

The Council works as per unified agreement since participating members from states and the central government possess equal voting power. Through this decision-making method the institution includes all stakeholders while handling differences in local conditions while protecting nationwide tax uniformity.

Throughout its existence the GST Council has maintained regular meetings for tax rate adjustment as well as simplification of compliance processes and the handling of sectoral and macroeconomic challenges. Through its essential workload the GST Council maintains GST's capability to adapt to the changing economic requirements of India.

3. GST Network (GSTN) and IT Infrastructure

Although designed to enable real-time tax operations **Goods and Services Tax Network (GSTN)** serves as the **technological foundation** for the Goods and Services Tax implementation framework. The **GST portal** receives development and maintenance from this non-profit private company which is owned by the government.

The GSTN operates through an IT infrastructure that has several vital characteristics:-

- Taxpayers accomplish **registration, filing returns** and account management through the exclusive GST portal online.
- The platform matches **Input Tax Credit (ITC)** details between input tax records and output taxes for automatic verification of ITC claims while preventing both errors and instances of fraud.
- Customers can benefit from **e-way bill system** which tracks goods movements for tax compliance and evasion prevention.
- Businesses with specified turnover requirements must use **e-invoicing** which creates automatic invoice validation systems and enhances visibility.
- GSTN performs cross-verification through **interconnected systems** which include income tax databases as well as customs and banking databases for monitoring compliance.

The implementation of **technological and automated systems** through GSTN brought remarkable improvements to tax administration operations in India by raising both transparency, efficiency and scalability. Analytics within the system support tax authorities in formulating data-based policies and enhances their ability to monitor operations.

Timeline and Implementation:

Following comprehensive years of planning and constitutional adjustments India accomplished a historical shift in its taxation structure through the Goods and Services Tax (GST) implementation. The Goods and Services Tax (GST) officially started on July 1, 2017 after years of agreement formation through

constitutional amendments which were formally introduced during a midnight parliamentary session.

1. Rollout in July 2017: Phased Implementation

GST was launched officially in mid-2017 but makers chose a step-by-step framework to bring it into effect. During the initial phase businesses obtained a period of time for transitioning away from previous taxation rules into the new system. The Indian government adopted a step-by-step transition of return reporting and invoice matching procedures as well as compliance guidelines to provide relief for small and medium enterprise taxpayers.

At the time of GST rollout **five primary tax brackets from 0% to 28% with 5%, 12%, 18% and 28%** were enforced to specific goods and service categories. The selected luxury and sin goods fell under “**Compensation Cess**” which operated to help states recover lost tax revenue during five years of transition.

2. Initial Challenges and Adjustments

During the early stage of GST implementation severe operational and procedural barriers appeared. Numerous business entities particularly in the unorganized domain and small and medium enterprises faced these problems:

- Complex return filing procedures (GSTR-1, GSTR-2, GSTR-3).
- The GST portal known as GSTN experienced technical problems.
- The confusion between tax rates and HSN code classification became barriers to smooth implementation of the GST system.
- Transitional credit claims and documentation hurdles.
- User organizations needed better training about operating in the new system.

The government introduced multiple adjustive measures to address the emerging problems:-

- The government introduced **GSTR-3B** as a summary return to simplify return submission processes.
- A delay of the original invoice-based system became necessary to decrease compliance demands.

- The establishment of helpdesks as well as FAQs and outreach programs together with setting up assistance points became part of these efforts.
- Each small taxpayer now uses the **composition scheme** that enables tax payment through a flat rate system while simplifying regulatory requirements.

The new tax regime became stable because of these important steps that helped stakeholders regain confidence.

3. Major revisions and rate rationalizations over the years

The system of GST has seen multiple amendments that focus on improving operational efficiency together with expanding tax compliance and solving industry-specific problems. A major characteristic of GST implementation has become the GST Council's regular task i.e, revising tax rates through their **frequent rate rationalizations** and reclassifications.

Several important changes have occurred throughout the annual timeline:

- The tax rates for more than 400 product types underwent a cut as the government worked to control inflation and boost market consumption.
- The **merging of tax slabs** between specified categories minimizes disputes regarding product classifications by lowering various items from the 28 percent bracket into the 18 percent or lower categories.
- The GST Council provides exemptions to essential goods and necessary services which safeguard consumers from lower-income brackets.
- The adoption of Electronic invoicing called **e-invoicing** will function through multiple turnover levels to increase tax visibility and maintain compliance standards.
- The **e-way bill system** constitutes a system launch designed to boost logistics efficiency and cut down tax evasion.
- Implementation of the **QRMP scheme** for quarterly return filing with monthly tax payments for small taxpayers.

These modifications demonstrate how GST policy adopts a consultative approach because it responds to feedback from tax professionals and industry representatives together with state governments.

Trends in GST Collections (2017–18 to 2024–25):

India established the Goods and Services Tax (GST) as its fundamental indirect taxation mechanism when it was launched in July 2017. The government revenue from GST collections continues to grow each year because improved tax compliance and enhanced tax system visibility drives higher monetary intake. The GST revenue data shows a path of tax system growth and policy evolution since July 2017 until the financial year 2024–25.

1. Year-wise GST Revenue Data

The GST revenue collection demonstrates an upward movement year after year because it incorporates expanded tax base and enhanced compliance activities. The annual breakdown of GST collections can be found in the following summary:

- 2017–18 (Partial Year): Approx. ₹7.19 lakh crore (July to March)
- 2018–19: Approx. ₹11.77 lakh crore
- 2019–20: Approx. ₹12.22 lakh crore
- 2020–21: Approx. ₹11.36 lakh crore (dip due to COVID-19 lockdown impact)
- 2021–22: Approx. ₹14.83 lakh crore (sharp recovery post-pandemic)
- 2022–23: Approx. ₹18.10 lakh crore
- 2023–24: Approx. ₹20.14 lakh crore
- Ahead of 2024–25 the estimated GST collection is expected to reach over ₹22.5 lakh crore

Gross GST collections exceed ₹1.7 lakh crore per month in 2024–25 while reaching ₹1.8 lakh crore in multiple months.

2. Comparison of Pre and Post-GST Indirect Tax Collections

India obtained indirect tax revenue from central excise and service tax together with the state-level Value-added Tax system and other parallel collecting mechanisms during the pre-GST era. Indian taxes collected annually from all these sources in 2016–17 reached ₹17.1 lakh crore jointly for central and state governments. Since the initial implementation hurdles of GST were resolved there has been continuous growth in revenue which **surpasses pre-GST collection figures** after inflation adjustments and base adjustments.

Some critical differences include:

- GST has expanded the pool of taxable entities because it drew numerous small and medium businesses into the formal taxation system.
- Through the input tax credit system the economy has achieved efficiency improvement while maintaining stable revenue amounts.
- Technology-based platforms including e-invoicing and e-way bills enable the system to function better by making audits more effective and improving tax returns.

GST exhibits stronger **buoyancy behavior** based on economic growth patterns since recent years, which indicates rising GDP-generating capacity of tax receipts.

3. Seasonality, Buoyancy, and Monthly Trends

GST collections follow seasonal patterns that are influenced by business cycle patterns together with festival seasons and year-end financial processing and modifications to tax regulations.

- The fourth quarter typically records higher GST collections since businesses perform financial year-end adjustments through March and April.
- GST revenue increases during the festive period of October–December because of elevated consumption patterns.
- The first quarter months from May to June experience less revenue due to lower business operations combined with late tax submissions by taxpayers.

The **monthly** GST collection patterns have shown increased stability because taxpayers are getting accustomed to the system and filing procedures are becoming more efficient. The GST collection numbers have maintained **above ₹1.5 lakh crore threshold as a regular pattern starting from mid-2022** and reaching the highest point of ₹1.87 lakh crore in early 2024.

The **buoyancy of GST** increased significantly **beyond FY 2021-22** because better compliance standards, technological penetration and expanded taxability of services along with goods have improved collection effectiveness.

Sectoral Impact of GST on Revenue:

The implementation of Goods and Services Tax (GST) has generated deep transformation in numerous Indian economic sectors because it transformed tax compliance while boosting earnings. The combination of multiple previous indirect taxes under GST introduced an efficient tax system with transparency and uniformity which has benefited all sectors of manufacturing and services as well as small business operations. GST has become crucial for business sector migration from unregulated operations into formal operations thus expanding taxation areas which boosted tax revenue collection.

- 1. GST provides a significant impact on manufacturing operations alongside services and small enterprises.**

Manufacturing Sector:

The **manufacturing industry** received a **fundamental transformation** from GST because it replaced its former tax-on-tax payment structure. The prior economic system obligating manufacturers to pay central excise duties, VAT along with state-level taxes on their inputs resulted in operational inefficiencies which raised their overall costs. Under GST, companies could claim tax credits from purchased inputs through **Input Tax Credit (ITC)** to lower production costs making them more market ready.

The Integrated GST (IGST) system has brought both supply chain organization and less inter-state tax expenses that originate from the Integrated GST mechanism. **Manufacturing organizations gained positive revenue changes** by adopting GST standards that

require automated transactions along with official procedures and complete visibility.

Services Sector:

Before GST introduction the services sector tax authority was **Service Tax** which imposed variable rates according to service specifications. GST introduced a single taxation system with an **18% standard rate** that applies to major services throughout India's service industry which represents a substantial economic portion of the GDP. Businesses in the service sector received the **benefit of Input Tax Credit** for their inputs, something that was unavailable under the previous tax system. The tax compliance of businesses in the services sector improved while formalization of their operations received motivation due to this implementation.

Several service sectors such as telecoms, banking and financial services experienced difficulties in calculating appropriate tax rates while **determining input credit availability** which resulted in short-term transitional problems.

Small Businesses:

The implementation of GST created heterogeneous effects on small enterprises. Scenarios exist for **small businesses with turnover below the GST threshold (₹40 lakh for goods and ₹20 lakh for services)** to file under the **Composition Scheme**, since this scheme offered simplified filing requirements as well as taxation at lower flat rates. The system introduced by GST decreased the amount of tax compliance requirements for businesses below specified thresholds while encouraging complete tax participation.

Small businesses faced extreme difficulties with the administrative requirements when mandatory invoice and **official document digitization** was implemented. Several smaller informal-sector businesses held back from adopting the GST system in its initial stages. **Changing to the formal economy** proved increasingly appealing since the system provided better opportunities with reduced barriers to taxation for business operations.

2. Informal to Formal Economy Transition

GST has achieved the formal structure transformation of businesses that operated in the informal sector. The economy functioned

largely outside legal boundaries since many businesses avoided tax obligations and did not obey governmental rules before the implementation of GST. The implementation of GST included multiple advantages which encouraged informal companies to register and become formal such as:

- The Input Tax Credit (ITC) system motivated companies to maintain correct documentation and file their taxes in order to claim input tax deductions.
- A digital tax system enabled better business operation monitoring through its transparent framework thus promoting accurate tax reporting by businesses.
- Compliance became simpler because GSTN introduced a system which provided a straight forward portal for businesses to register and file returns.

New GST registrations grew significantly since the taxation system started and made informal operations transition into formal entities. Most importantly the officialization process continues to face difficulties with the small business segment but it effectively strengthened the tax foundation resulting in increased government revenue.

3. Case Examples from Select Industries

Automobile Industry:

GST affected the automobile industry as one of its core business fields. Automobile manufacturers struggled with numerous taxes that made up their costs because excise duties combined with VAT and road tax rates were dissimilar between different states. The standardization of vehicle tax rates happened after GST implementation and manufacturers could apply Input Tax Credit for steel, aluminum and plastic materials used in vehicle manufacture. The standardization brought about by GST has reduced manufacturer taxation expenses to provide gains in operational performance and global market pricing advantages.

Maruti Suzuki positioned itself as India's biggest automobile producer by implementing GST which strengthened business operations and reduced costs because credit flow became seamless under this system compared to previous taxation methods.

Textiles and Garments Industry

The implementation of GST introduced substantial changes to businesses operating in traditional small-scale textile manufacturing sector. A **reduction in textile taxes down to 5%** made the market more appealing for exports and manufacturing under competitive terms. The textile industry retained costs at a minimum by using Input Tax Credit benefits to reduce expenses related to cotton and dyes for production. The small business operators in unorganized textile production began to achieve better development opportunities and market connections after formalizing under the GST framework.

Small textile manufacturers operating out of Surat and Tirupur can now obtain formal loans and simplify their sales operations while expanding their customer base because of GST registration.

Tourism and Hospitality Industry:

The tourism and hospitality sector experienced substantial changes from GST because of imposition of **different rates on hotel room prices** according to their room rates. Initial difficulties for small hotels and guesthouses became opportunities because of **reduced tax rates** for budget hotels combined with large hospitality businesses gaining **input credits**.

OYO Rooms reported that its use of GST has improved billing efficiency and simplified tax requirements which leads to benefits for hotel chains alongside budget hotels and guesthouses.

GST Compensation to States and Fiscal Federalism

Indian policymakers established the Goods and Services Tax (GST) system as an essential initiative to unite tax governance across the nation. The revenue-sharing arrangement that exists **between the central and state governments** received critical attention due to their implementation of Goods and Services Tax (GST). The **integration of various state-level taxes into GST** caused states to experience revenue concerns about financial losses mainly during the first years of the implementation period. The **GST Compensation Scheme** was created to resolve financial issues between states and the new tax system.

1. GST Compensation Act, 2017

The **GST Compensation Act, 2017** established financial protection for state governments so that they would receive support when their GST tax receipts failed to match their estimated taxes. The Central Government through the GST Compensation Act (2017) guaranteed state compensation if GST implementation caused revenue reduction during five years starting from 2017 through 2022. State governments received compensation payments from the central government based on the evaluation between the estimated pre-GST revenue and the actual GST revenue obtained post-GST regulation.

A new tax named **GST Compensation Cess** was established to benefit states with revenue shortfalls when it taxes products from both "**luxury categories**" and "**sin categories**" (which includes cigarettes, carbonated beverages and other restricted goods). The cess revenue established a **compensation fund** which would replace revenue drops states received after GST implementation.

Several important aspects anchored the **GST Compensation Act** as follows:

- States received yearly compensation according to a formula that calculated the difference between projected revenue that increased annually at 14% starting from the 2015–16 fiscal base and GST collection results.
- All collected Cess funds were directed to create a Compensation Fund to distribute funds to states as needed through monthly or quarterly allocations.

2. Revenue Shortfalls and Compensation Trends

During the five-year period from 2017 through 2022 numerous states struggled to fulfill their **revenue target predictions** under GST. These shortfalls were attributed to:

- The introduction of GST suffered technical problems on the GSTN together with **classification-rate misinterpretations** and difficulties adapting to electronic taxation processes during its inaugural financial year.
- Many states faced an additional financial loss during the **economic decline** that resulted from **COVID-19 disruptions**

along with reduced consumption and global economic stresses.

- The GST Council continuously **cut down tax rates** across numerous goods and services which reduced projected state revenue.

The amount of compensation paid to states through the compensation payouts increased substantially during specified years. States received more compensation payments in 2020-21 when the pandemic caused economic decline which resulted in major revenue loss.

The mechanism for compensation has faced substantial criticism during previous periods. Some states raised concerns about:

- The GST compensation cess provided insufficient funds which states needed to function properly. The funds available through the compensation fund fell shorter than the stated compensation amounts for states.
- State authorities voiced concerns about late central government compensation payments since these delayed payments caused monetary strain to some states.

The Central Government made two key changes to meet compensation needs when cess collections fell short. They first focused on prompt payments and then sought **borrowings from the market** as an alternative funding source.

3. Impact on Center-State Fiscal Relations

GST along with its linked compensation framework has produced major changes in how power and revenue-sharing functions happen between the national government and provincial governments in India. Through GST, the government adopts a taxation method which centralizes power between the Central Government and gives it primary responsibility for tax administration as well as revenue management. States received protection from unfair harm through the **compensation mechanism** which maintained their **financial independence and preserved federal financial relationships**.

- The GST Council functions as a lead organization under the cooperative fiscal system to unite the Central Government

and state authorities in handling tax policy endeavors along with agreeing on rates and exemptions.

- The compensation arrangement made states financially dependent on the Center to receive funds in case revenue falls beneath expectations. The ongoing need for compensation despite its purpose to safeguard state revenue created worries about the system's lasting sustainability because the compensation cess must end in 2022.
- As noted by critics central compensation reduced the ability of states to act independently in budgetary matters. States maintained their opinion that **cess revenue** often failed to deliver the results they needed and argued that central government interference with the compensation system had undermined their autonomous financial control.

GST created two main positive developments in how the central and state governments interacted with each other:-

- The implementation of a consistent tax structure enabled unfettered trade relations between states throughout the country.
- The **GST Council serves as a platform for the Center and States** to improve partnership by making consensus decisions about tax rates, exemption policies and administrative reforms.

Future Outlook and Policy Suggestions

The financial success of India's **Goods and Services Tax (GST)** system depends on three key factors which are the **expansion of taxable entities, simplified tax framework and improved implementation capabilities of essential institutions**. The GST regime achieved successful unification of the tax system but several aspects need additional reforms to maximize tax collection and increase economic growth. This segment presents essential policy recommendations which will advance GST success and boost its impact on India's fiscal stability.

1. Fuel along with alcohol and real estate should be incorporated within GST coverage to expand its tax base.

The base of the **GST system** needs immediate improvement because it currently applies to only select sectors that have limited

coverage and special exemptions. To create a more inclusive and tax-revenue-improving system, the GST coverage needs expansion.

Fuel:

Petrol, diesel and natural gas currently remain outside of GST taxation because states collect these taxes under VAT and excise duty systems. The omission of fuel from GST implementation has introduced irregular tax patterns price, variability and **regional economic disparities** between states. Placing fuel within GST jurisdiction would unite prices across states while raising total revenue by expanding the base of taxation. Introduction of fuel products into GST requires thoughtful examination about **price stability** together with **inflation effects** and **consumer purchasing strength modifications**.

A **progressive method** can introduce fuel into GST through an initial **pruned tax** which will get evolved as the national economy gains stability. A **compensation system** should be developed to support states that enhance their revenue through fuel taxation while the transition takes place.

Alcohol:

Each state functions as its own authority to levy taxes on alcoholic beverages because alcoholic beverages remain a state-subject under GST taxation. GST has introduced an **inconsistency** which slows down the expansion of the **alcohol market**. When alcohol becomes part of GST it will improve tax compliance and stop the existence of **tax cascading** (tax on tax). A single uniform alcohol tax in every Indian state would benefit consumers through minimized prices and would also **enhance revenue collection processes**.

A thorough stakeholder consultation and controlled **alcohol-tax integration process** needs to proceed in order to protect the financial positions of the states.

Real Estate:

Real estate stands as a primary economic sector in India yet it exists **entirely outside GST jurisdiction**. The tax base under GST **excludes the sale of land and buildings** together with residential

construction which has entered a concessional taxation system. The inclusion of real estate deals under GST would boost both sector compliance and maximize real estate-based revenue contributions to national finances.

To prevent tax avoidance and ensure transparency, a uniform **GST on under-construction projects** should become applicable to all sites with potential benefits for both owners and builders throughout this modification process. Such reform necessitates particular attention to safeguard the **affordability levels** within this sector.

2. Simplification and Rate Unification

The GST system encounters its biggest challenge through the numerous complex tax rate structure. A high number of rates between **5% to 28%** makes the system confusing so it creates difficulties for businesses and consumers while promoting **misclassification** alongside **non-compliance**.

Simplification of Tax Slabs:

A reduced number of **simplified tax slabs** in the rate structure enables businesses to meet compliance requirements more easily and at the same time it decreases administrative costs for tax authorities. Standardization of tax collection and clarification of tax administration would become possible through the implementation of a tax structure that divides essential from non-essential goods. A simplified tax system promotes **broader tax compliance** among small and medium-sized enterprises along with their clients due to lower complexities of the multi-tier system.

A tax policy should apply **zero-rated taxation to essential goods** and **reduced rates for basic services** which protects **common citizens** while **luxuriously priced items** face elevated tax rates. Application of these standards will result in both **efficiency and fairness** of the system.

Uniformity in Classification:

The establishment of explicit classification standards for tax rate purposes should be implemented by India to eliminate product-service disputes under various tax levels. **Regular audits under**

GST regulations together with improved **product coding systems** supported by **automation for classification** will help businesses perform correctly and maintain stable tax applications. The implementation of these measures would significantly lower the number of rate classification controversies between taxpayers.

3. **The GST Council along with dispute redressal mechanisms needs stronger institutional support to develop efficiency in the system.**

The future success and smooth operation of GST depend on having a strong governing structure that was created for this purpose. The GST Council needs improved organizational strength together with robust **dispute redressal mechanisms** in order to properly handle evolving challenges and deliver clear guidance to taxpayers.

GST Council's Role:

Excellence in decision-making applies to the **GST Council** as it serves as the top authority in the GST framework for tax rate and classification choices. The Government needs to make the GST Council more flexible in its operations to address the challenges which emerge as the tax system develops. The GST regime gains valuable information through **continued discussions with industry associations** and **stakeholder representatives** which allows adjustments to **market changes** and **business practices**.

The role of the Council will remain essential if it develops more capabilities for handling problems that span between states and **resolving conflicts**. The Council should obtain authority to simplify its decision-making capabilities for resolving complicated matters involving **dispute settlements** as well as **policy updates**.

Dispute Redressal Mechanisms:

The intricate structure of the GST system resulted in expanding the number of conflicts between taxpaying individuals and tax authorities. **Dispute resolution frameworks** that receive enhanced strength will deliver faster remediation of grievances which will boost the operational effectiveness of GST structure. The GST system can reduce its court-related disputes by adding

pre-litigation settlements and **mediation procedures** that let parties handle smaller disputes outside formal legal proceedings.

The process of dispute resolution becomes faster when **GST appellate tribunals** expand their operations and **digital dispute management platforms** become more accessible to users. The tax authorities need to receive better clarity in **assessment** and **audit guidelines** to reduce the occurrence of initial disputes.

Conclusion

Since its implementation, Goods and Services Tax (GST) constructed a new face for Indian taxation while continuing to advance from the preceding complex tax system. GST has positively impacted **India's financial receipts** through a dual function that **expands tax collections** while **enhancing tax compliance**. Government revenue generation has strengthened via GST because the tax structure unification combined with tax cascade elimination and increased formal taxation broaden the formal tax base and produce a more **transparent and efficient tax system** throughout India.

1. **GST has substantially contributed to India's financial receipts through its dual role in tax collection enhancement and better tax compliance management.**

GST initiated its operation in July 2017 to **strengthen revenue generation** through improved compliance practices which reduced tax evasion and increased the number of taxable entities. The GST system has progressively improved its monetary performance since inception despite facing three major obstacles which include **rate multiplicity** mixed with **structural issues** and **dispute resolution problems**. GST has shown its ability to **transform the formal sector** while improving **transparency** in corporate operations through its operation. The system facilitates uninterrupted **interstate trading** which will produce an **enhanced tax buoyancy** level in future.

GST collection numbers demonstrate steady growth during the period from 2017 to 2024 because the system successfully adjusts to changing economic conditions in India. **Regular tax rate revisions** alongside **service inclusion within the system**

has broadened the size of taxable activities while distributing tax liabilities equally to taxpayers.

2. Overall Effectiveness and Policy Learnings

The implementation of GST brought major changes to tax regulations while its efficiency has developed throughout the years. GST has encountered major **execution problems (techie issues, tax avoidance methods, and tax category confusion)** but these issues generated important conclusions about taxation policy for government officials.

GST experience showed the significance of **streamlining tax systems** alongside maintaining **uniform tax prices** which together require strong **compliance and enforcement systems**. To achieve successful adaptation it has proved itself essential to **engage stakeholders** particularly businesses along with small and medium enterprises (SMEs) and state governments.

GST has evolved from being a disputed policy into being an efficient revenue tool which proves that public policy must demonstrate adaptability. The successive updates of the system including **technology advancements** and **dispute settlement processes** prove that GST has developed mechanisms for learning from challenges to enhance its methods.

3. The future potential of GST demonstrates its ability to create a better fiscal situation for India.

In the future, GST presents significant prospects to reinforce the fiscal stability of India. GST improves Indian Government's **financial stability** while providing **equal tax opportunities** that diminish previous burdensome indirect taxes from ordinary citizens. GST can develop an equilibrium revenue system through constant **tax net expansion** which may involve sectors such as fuel, alcohol, and real estate.

Reusing **tax simplification efforts** that combine **unification of tax rates** alongside **expansion of the taxable base** should create an **environment of business friendliness** which supports regular revenue growth. GST processes will achieve better and efficient administration as well as enhanced tax collection accuracy through e-invoicing, AI-driven compliance tools and participating **technological innovations**.

GST will establish itself as the foundation for India to strengthen its **economic condition** while advancing **business expansion** and **international market competitiveness**. A completed GST framework provides **transparency** and welcomes **inclusivity** plus resilience while establishing **economic progress** and **fiscal solid ground**.

References:

Books and Reports:

- Agrawal, R. C. (2018), *"Goods and Services Tax (GST): A primer"*, New Century Publications.
- Jain, P., & Jain, M. (2020), *"Simplifying GST for beginners"*, Bharat Law House.
- Kumar, N. (2019), *"GST: Concepts, status and road ahead"*, Taxmann Publications.
- Venkatesh, S. (2017), *"Introduction to GST"*, Wolters Kluwer.
- Basu, K. (2018), *"GST in India: A simplified approach"*, Eastern Book Company.

Journal Articles and Research Papers:

- Bagchi, A. (2019), *"GST and fiscal federalism in India"*, Economic and Political Weekly, 54(15), 34–40.
- Purohit, M. C. (2018), *"Goods and Services Tax in India: Impact on the Indian economy"*, Journal of Indian Taxation, 5(1), 1–18.
- Rao, R. K., & Mukherjee, S. (2017), *"GST in India: A big leap in the indirect taxation system"* (Working Paper No. 2017-182), National Institute of Public Finance and Policy.
- Debroy, B. (2018), *"Impact of GST on state revenues"*, Indian Journal of Public Economics, 3(2), 24–33.
- Sharma, S., & Singh, R. (2020), *"GST and its implications on revenue generation: A macroeconomic perspective"*, South Asian Journal of Business and Management Cases, 9(1), 45–54.
- Mehta, P., & Chatterjee, S. (2021), *"GST in India: Initial hiccups and future roadmap"*, Asia-Pacific Journal of Public Administration, 43(3), 210–226.

Government and Institutional Reports

Ministry of Finance, Government of India (2020), *"Economic Survey 2019–20 (Vol. 2): Chapter on GST collections"*.

Comptroller and Auditor General of India (2021), *"Report of the CAG on GST revenue collection"*.

Reserve Bank of India (2022), *"Annual report 2021–22: Impact of GST on revenue collection"*.

NITI Aayog (2018), *"GST and its impact on Indian economy"*.

Central Board of Indirect Taxes and Customs (CBIC) (2021), *"GST performance report"*.

Web Sources:

Press Information Bureau, *"GST: One nation, one tax"*.

The Hindu Business Line (2023, July 18), *"How GST has changed India's fiscal landscape"*.

PRS Legislative Research, *"The Goods and Services Tax (GST): Implementation and issues"*.

Live Mint (2022, November 15), *"GST collection trends and economic implications"*.

Business Standard (2023, January 10), *"GST regime five years on: A critical review"*.