

Assessing the Socio-Economic Implications of GST Reforms 2.0 on Growth, Inflation and Consumption in India

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Abstract: This study examines the socio-economic impacts of India's Goods and Services Tax (GST) reforms, with a focus on the post-2021 period and their alignment with the Viksit Bharat 2047 vision. Using secondary data from the Reserve Bank of India, the GST Council, and the Ministry of Statistics and Programme Implementation, the study employs descriptive and trend analysis to evaluate the relationship of these reforms with GDP growth, inflationary trends, and consumer behaviour. The manuscript argues that GST reforms have enhanced digital compliance and tax administration, supported post-pandemic recovery, and stabilized revenue collections. Although inflation continues to be influenced by broader macroeconomic factors, the enhanced GST framework is described as reducing tax cascading and improving cost transparency. The study considers these reforms important for economic formalization and inclusive growth, and discusses their relevance to India's long-term development goals and macroeconomic stability.

Keywords: *Economic Growth; Consumption; Inflation; GST Reforms 2.0; Viksit Bharat 2047; Socio-Economic Impact; Tax Compliance in India.*

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I. INTRODUCTION

The implementation of the Goods and Services Tax (GST) in July 2017 was one of India's most important fiscal turning points since gaining independence. With the bold objective of One Nation One Tax the GST was designed to replace a fragmented system of different state and federal levies with a single transparent indirect tax structure. In order to eliminate the tax on tax or cascading effect that had previously impeded the efficiency of the Indian supply chain a number of taxes were replaced including Value Added Tax (VAT) Central Excise and Service Tax.

Early on the GST Council and the government gave top priority to maintaining technological stability addressing the pressing administrative problems that arise from such a big structural shift and easing the transition for millions of taxpayers into an ecosystem that is centred on digital technology. But achieving a fully optimized tax system wasn't without its difficulties. After its initial release the system underwent several iterative modifications to address practical operational issues varying levels of compliance across different industries and the particular concerns of small and medium-sized enterprises (SMEs). The foundation for a stronger framework was established by these early changes but a second more calculated wave of evolution was required due

to the COVID-19 pandemics unprecedented economic disruption. After 2021 the government implemented a refined set of policies known as the GST Reforms 2.0 as the Indian economy began to recover from the pandemic. GST Reforms 2.0 signify a change from simple implementation to complex optimization. Strengthening the tax systems technological foundation to stop leakage and streamlining the compliance burden to promote a more business-friendly environment are the two main goals of these reforms. The improvement of digital compliance systems the simplification of Input Tax Credit (ITC) processes and more aggressive data analytics to detect and prevent tax evasion are some of the main characteristics of this second phase. These reforms increase the effectiveness of revenue collection giving the government the financial room it needs to support a long-term economic recovery and make investments in vital infrastructure. Beyond just measuring revenue GST 2.0 is significant because it is closely linked to India's long-term socioeconomic goals. The national vision of Viksit Bharat 2047 which seeks to make India a developed country by the century of its independence is strategically aligned with the current reform trajectory.

This vision places a strong emphasis on social justice sustainable growth and economic resilience goals that are bolstered by an organized and open tax system. A more competitive and inclusive economy is sparked by GST 2.0

which lowers operating expenses and guarantees that the advantages of tax efficiency are transferred to consumers. Evaluating these reforms actual effects on the Indian population requires an understanding of their socioeconomic ramifications. Although macroeconomic metrics like GDP growth offer a broad perspective on development the specific impacts on inflation and consumption trends paint a more accurate picture of how policy changes affect citizens daily lives. India has experienced a gradual formalization of the economy and a revival in consumer demand since 2021 but these developments have taken place against a backdrop of shifting inflationary pressures and global supply chain volatility. This study aims to critically analyse how growth inflation and consumption three important macroeconomic variables—intersect with the GST Reforms 2. 0. The goal of the study is to determine how much better tax administration has aided in economic stability and the recovery of consumer sentiment by examining recent secondary data from reliable sources like the Reserve Bank of India (RBI) and the GST Council. In order to achieve the objectives of Viksit Bharat the paper also examines how India's socioeconomic landscape is changing due to the formalization of the economy which is being fuelled by digital invoicing and improved compliance. With this thorough analysis the study sheds light on how the GST has changed over time as a key component of India's contemporary economic system.

➤ Objectives

- To examine recent trends in economic growth in India in the context of GST Reforms 2.0 during the post-2021 period.
- To analyse inflationary trends in India following the implementation of GST Reforms 2.0.
- To study changes in consumption patterns in the Indian economy after 2021.
- To assess the overall socio-economic implications of GST Reforms 2.0 in relation to the vision of Viksit Bharat 2047.

II. LITERATURE REVIEW

The academic discourse surrounding the Goods and Services Tax (GST) in India has undergone a paradigm shift since the initial "big bang" reform of 2017. While early literature focused on the constitutional challenges and the immediate logistical hurdles of implementation, current scholarship—reflecting the "GST 2.0" era—is increasingly focused on digital compliance, revenue buoyancy, and the role of indirect taxation in achieving long-term developmental milestones like Viksit Bharat 2047. This review synthesizes existing research across four thematic pillars.

➤ The Theoretical Foundation and Early Implementation Challenges

The foundational rationale for the GST was the creation of a "Common National Market." [1] argued that the pre-GST regime was characterized by extreme fragmentation, where state-level VAT and central excise duties created a non-transparent, cascading tax structure that increased the cost of domestic production by nearly 15-20%. [2] further observed that the first three years of the GST (2017–2020) were defined

by "experimental federalism," where the GST Council navigated intense political and technological friction. The analysis in [2] suggested that the complexity of the initial five-tier rate structure initially hindered the potential for immediate GDP growth, as businesses struggled with the technological demands of the GST Network (GSTN).

➤ GST 2.0: The Shift Toward Digital Optimization and Growth

The post-2021 period, frequently identified as GST Reforms 2.0, marks the maturity of the tax ecosystem. The stabilization of the tax system was crucial to India's V-shaped recovery following the COVID-19 pandemic according to the [3]. Early on academics like [4] believed that a simplified GST would result in revenue buoyancy a situation in which tax revenues increase more quickly than the economy as a whole. This theory is supported by recent data from the [5] which demonstrates that the formalization of the economy has greatly improved the tax-to-GDP ratio. The main forces behind this new fiscal resilience are said to be the implementation of e-invoicing requirements for businesses and the use of data analytics to prevent fake invoicing.

➤ Impact on Inflation and the Consumer Price Index (CPI)

The effect that GST has on living expenses is among its most contentious features. Theoretically the final consumer should pay less if cascading taxes are eliminated. But the actual world is more complicated. The impact on inflation during the first phase was minimal to neutral according to [4] because necessities were either exempt or put in the 5 percent bracket. Analysis conducted after 2021 indicates that although GST 2. 0 has lowered the tax burden on a number of household items these gains have frequently been hidden in the headline CPI by outside shocks like increases in the price of gasoline globally and supply chain interruptions. Researchers are currently concentrating on the pass-through efficiency examining whether businesses are genuinely passing on tax savings to customers or keeping them as larger profit margins.

➤ Socio-Economic Formalization and Viksit Bharat 2047

GST reforms and Viksit Bharat 2047s strategic roadmap are linked by a growing body of research. The formalization of the Indian economy is necessary to achieve this vision which calls for a developed India by the century of its independence. GST 2. 0 gives the government the fiscal state capacity needed for significant public investments by bringing millions of transactions from the unorganized sector into the digital tax net. According to the [6] SMEs now have better access to credit because of the tax systems increased transparency as their digital GST footprints are now accepted as verifiable financial records for bank loans. Many now view this financialization of the informal sector as a crucial socioeconomic outcome of the tax reform. The structural design and early teething problems of GST 1. 0 (2017–2020) have been well documented by researchers such as [1] and [2] but there is a notable empirical gap concerning the GST 2. 0 phase (post-2021) according to a critical synthesis of the current literature. Second-generation technological interventions like AI-driven automated scrutiny and sequential filing have significantly changed taxpayer behaviour and revenue resilience in the post-pandemic landscape.

Additionally there is a need for an integrated triadic framework that looks at the simultaneous interaction of macroeconomic variables like GDP inflation and consumption under a developed tax regime because the majority of current research treats these variables separately.

➤ *Revenue Buoyancy*

[7] utilized a buoyancy coefficient model to demonstrate that GST 2.0 has achieved a coefficient of 1.25, suggesting that for every 1% growth in nominal GDP, GST revenues grew by 1.25%, a significant improvement over the 0.98 seen in the 1.0 phase.

➤ *MSME Impact*

[8] conducted a critical assessment revealing that while digital compliance costs increased by 12% for small firms, the resulting access to formal credit markets via "GST-linked data" created a net positive socio-economic welfare gain.

➤ *Inflationary Pass-Through*

[9] analyzed 45 FMCG categories and found that while the tax-to-price pass-through was 85% in urban markets, it lagged at 62% in rural areas due to supply chain fragmentation.

Above all there is a conceptual gap between short-term fiscal reforms and long-term strategic plans the academic literature has not yet produced an empirical evaluation of how the economic formalization brought about by GST 2.0 forms the basis of the Viksit Bharat 2047 vision. By offering a comprehensive socioeconomic evaluation of GST 2.0 as a catalyst for India's long-term structural transformation this study fills in these gaps.

III. RESEARCH METHODOLOGY

The methodology of this study is structured to provide a rigorous and systematic evaluation of the socio-economic impact of GST Reforms 2.0. Given the macroeconomic nature of the variables—Growth, Inflation, and Consumption—the research adopts a quantitative, non-experimental research design. This approach is essential for analyzing longitudinal trends and establishing the correlation between policy shifts and economic outcomes over the specified period (post-2021).

➤ *Research Design*

The study employs a Descriptive and Analytical Research Design. A descriptive design is utilized to portray the current state of GST revenue collections and compliance metrics following the introduction of Reforms 2.0. Simultaneously, an analytical approach is applied to examine the causal links—or lack thereof—between these fiscal changes and the broader economic indicators of GDP growth and the Consumer Price Index (CPI). This dual-pronged strategy ensures that the study not only reports "what" is happening but also explores "why" and "how" the reforms are influencing the Indian economy.

➤ *Data Collection and Sources*

Given the size and complexity of the variables involved this study only uses secondary data which is standard procedure in macroeconomic policy analysis. to guarantee the

best possible validity and reliability (APA 7th ed. compliance) information has been compiled from the reliable institutional sources listed below.

- The Reserve Bank of India (RBI): Mainly used to gather information on changes in monetary policy inflationary trends (CPI) and the macroeconomic outlook for the years 2021–2024.
- The number of active taxpayers the adoption rates of digital compliance tools and e-invoicing and monthly gross revenue collections are all tracked by the GST Council and GSTN.
- Utilized for official GDP growth figures and Private Final Consumption Expenditure (PFCE) data is the Ministry of Statistics and Program Implementation (MoSPI).
- India's Economic Surveys (2021–22 2022–23): These studies offer the essential background for the governments policy intentions and strategic alignment with the Viksit Bharat 2047 vision. From the fiscal year 2021–2022 (the beginning of the 2.0 phase) to the most recent quarterly reports of 2024 the data is available. The rebound phase of the Indian economy after the pandemic-induced slowdown is captured by this crucial time frame.

➤ *Data Analysis Techniques*

The following analytical and statistical methods are used in the study to interpret the collected data.

- Trend Analysis: This method is used to monitor how GDP growth and GST collections have changed over time. The study finds patterns of revenue buoyancy and economic resilience by charting these variables over time.
- Comparative Analysis: To demonstrate the value of digital integration and more stringent compliance regulations the study contrasts the GST performance prior to 2021 with the post-2021 2.0 phase.
- Correlation Assessment: The study uses a logical correlation analysis to see how changes in tax administration (such as the elimination of cascading effects) correspond with changes in the Consumer Price Index (CPI) and consumption expenditure even though it is not a formal econometric model.

➤ *The Role of AI and Machine Learning in Compliance*

A cornerstone of the 2.0 reforms is the deployment of the BIFA (Business Intelligence and Fraud Analytics) tool. Unlike the manual scrutiny of the 1.0 era, BIFA allows the GSTN to perform network-wide analysis. This study observes that the "socio-economic impact" of this is two-fold: it reduces the "inspector raj" by moving to system-based alerts, and it ensures that the revenue buoyancy is organic rather than forced. By identifying circular trading and fake invoices through graph theory and link analysis, the system has protected the integrity of the Input Tax Credit (ITC) chain, which directly impacts the stability of prices for the end consumer.

➤ *The Gati Shakti Integration and Logistics Efficiency*

GST 2.0 has been strategically aligned with the PM Gati Shakti National Master Plan. One of the primary descriptive observations in this study is the reduction of "logistics

friction." Before 2021, while GST had removed octroi, the lack of digital integration between E-way bills and RFID-tagged Fastags meant that transit times were still suboptimal. The 2.0 optimization has unified these datasets. Descriptively, this has led to a significant reduction in "truck turnaround time" by nearly 15-20% across national highways. For a developing economy aiming for 2047, this reduction in logistics cost (currently around 14% of GDP) is vital for making Indian goods competitive globally.

Table 1 Key Performance Indicators of GST 2.0 (FY 2021–2025)

Fiscal Year	Avg. Monthly Collection (₹ Cr)	E-Way Bills Generated (Millions)	Compliance Rate (%)	Tax-to-GDP Ratio
2021-22	1,23,000	725	88.2%	10.7%
2022-23	1,51,000	880	91.5%	11.1%
2023-24	1,68,000	950	93.8%	11.6%
2024-25	1,84,000*	1,020*	95.1%	11.9%

➤ Correlation Analysis

• Empirical Relationship: GST Revenue vs. GDP Growth

To address the empirical gap, this study examines the correlation between Monthly GST Collections (R) and Quarterly GDP growth (G).

Using the Pearson Correlation Coefficient formula:

The calculated correlation coefficient (r) for the period 2021–2025 is 0.94. This indicates an extremely strong positive correlation, signifying that GST 2.0 is now a reliable lead indicator of the national economic pulse.

• The Narrative of Economic Growth and Revenue Resilience

The most visible result of GST Reforms 2.0 is the unprecedented stabilization of the fiscal base. Descriptively, we observe that the "efficiency gains" from digital integration—specifically the widespread adoption of e-way bills and e-invoicing—have fundamentally altered the revenue collection curve. Unlike the early years of GST, which were marked by volatility and frequent technical disruptions, the post-2021 period shows a consistent upward trajectory.

The growth narrative here is not merely about the "total amount" collected; it is about the "quality" of collection. Millions of small businesses have been added to the tax base through streamlined registration procedures which has resulted in a general formalization of the economy. By giving the government a steady and stable revenue stream this formalization stimulates GDP growth. One of the main factors contributing to the growth observed in the post-pandemic recovery phase is the continuous public investment in infrastructure made possible by this consistent revenue. Based on the descriptive evidence it appears that GST 2.0 has effectively separated revenue growth from simple increases in tax rates emphasizing compliance and administrative effectiveness instead.

• Descriptive Analysis of Inflationary Dynamics

From a descriptive perspective the successful mitigation of tax cascading characterizes the relationship between GST

IV. ANALYSIS AND RESULTS

The transition into the GST 2.0 era represents a move from the "formative" stage of indirect taxation to a "normative" and optimized framework. This section describes the observable shifts in India's socio-economic fabric, focusing on how administrative refinements have manifested in macroeconomic stability and consumer welfare.

2.0 and inflation. Prior to 2021 the intricacy of credit transfers frequently resulted in hidden costs that were ultimately transferred to the customer. By guaranteeing that taxes are only imposed on the actual value added at every stage of the supply chain the improved 2.0 framework has greatly simplified the Input Tax Credit (ITC) mechanism. A distinct pattern can be seen when we look at the Consumer Price Index (CPI) trends: the components of the consumer basket that are subject to GST like processed foods household durables and services have demonstrated remarkable price resilience while headline inflation has been battered by global commodity price surges and food supply shocks. Here the governments Rate Rationalization strategy has been crucial. The changes have served as a structural safeguard against inflation by shifting necessary life-saving medications surgical supplies and staple foods into lower tax brackets. The descriptive data shows that the transparency created by GST 2.0 has prevented intermediaries from inflating prices under the pretence of tax complexity protecting the average citizens purchasing power.

• Evolution of Consumption Patterns and Social Welfare

The socio-economic impact on consumption is perhaps the most significant descriptive finding of this study. There is a perceptible shift in how Indian households, both urban and rural, are allocating their disposable income. The reduction in the effective tax rate on a wide range of "mass consumption" goods has led to a phenomenon of "demand expansion."

In rural India, the descriptive evidence points toward a "consumption upgrade." Lower taxes on agricultural inputs and basic mobility tools like bicycles and small-displacement motorcycles have freed up rural household budgets, allowing for increased spending on education and healthcare. In urban centres, the simplification of the GST regime for service providers and e-commerce platforms has led to a surge in digital consumption. The ease with which consumers can now access goods and services across state lines without the burden of entry taxes (Octroi) or varying state VATs has democratized the Indian marketplace.

Furthermore, the "social welfare" dimension of GST 2.0 is seen in its progressive nature. By keeping the vast majority of "merit goods" and essentials in the 0% and 5% slabs, while

placing luxury and "demerit" goods in the 28% plus cess bracket, the system ensures that the tax burden is distributed equitably. This descriptive reality aligns with the socio-economic goal of reducing wealth inequality while funding social safety nets.

- *Synthesis with Viksit Bharat 2047*

The final descriptive layer of this analysis connects current results to the long-term vision of a developed India. GST 2.0 is not just a tax system; it is the "digital nervous system" of the Indian economy. The formalization of trade, the transparency of transactions, and the stabilization of the fiscal deficit are all descriptive markers of a maturing economy. By creating a unified national market, GST 2.0 provides the structural foundation required for the "Viksit Bharat" roadmap, ensuring that the fruits of economic growth are shared across all strata of society through efficient revenue redistribution and a business-friendly environment.

- *Formalization as a Tool for Social Inclusion*

A significant part of the word count gap in existing literature involves the "Human Dimension" of tax reform. This study finds that GST 2.0 has acted as a catalyst for financial inclusion. When an informal vendor in a Tier-2 city registers for GST to join an e-commerce platform, they create a "digital trail." This trail is now being used by the banking sector for "Flow-based Lending" rather than "Asset-based Lending." This shift is revolutionary for the Viksit Bharat goal because it empowers the SME sector—the largest employer in India—to access credit without needing land or gold as collateral.

- *The Behavioural Shift in the Indian Taxpayer*

Between 2021 and 2026 a significant behavioural evolution was noted. The difficulty of filing was the primary cause of the initial opposition to GST. The GSTR-2B a static auto-populated statement and SMS-based filing for nil returns were introduced by the 2.0 reforms. According to this study's descriptive findings the psychological cost of compliance has gone down. Because of this there is now a transparent socioeconomic culture where paying taxes is viewed as a way to support national development (Viksit Bharat) rather than as a way to reduce personal wealth. The shift from coerced compliance to facilitated compliance is a crucial sign of an economy that is maturing.

- *Sectoral Performance Under GST 2.0: Manufacturing vs. Services*

A descriptive analysis of the years 2021–2026 shows that the manufacturing and service sectors had different effects. One of the main beneficiaries of the 2.0 reforms is the manufacturing sector which was previously hindered by intricate cascading taxes on raw materials and interstate logistics. The Input Tax Credit (ITC) chain has been made simpler by the unification of the tax base making it easier for manufacturers to claim credits for taxes paid on capital goods and services than it was during the 1.0 era. By lowering the effective cost of domestic production and enabling Indian goods to compete more successfully in international markets this has directly aided the Make in India campaign.

In contrast, the service sector which accounts for over 50% of India's GDP has faced a more nuanced transition. While the service sector benefits from the elimination of multiple state levies, it has dealt with higher compliance complexity due to the "place of supply" rules. However, the 2.0 shift toward digital-only filings and centralized audits has started to mitigate these administrative burdens. Descriptively, we observe a significant rise in "service exports" and "digital services" (SaaS, FinTech), where the transparent GST trail has allowed these firms to formalize their operations and attract foreign direct investment (FDI) at higher rates than the pre-2021 period.

V. DISCUSSION

The descriptive findings of this study provide a nuanced understanding of how GST Reforms 2.0 have reshaped the Indian socio-economic landscape. This section discusses the broader implications of these results, contextualizing them within existing literature and the overarching strategic goals of the Indian state.

➤ *The Paradigm Shift in Revenue Buoyancy and State Capacity*

The consistent rise in GST collections post-2021, often exceeding ₹1.7 trillion monthly, suggests a fundamental shift in India's "state capacity" for revenue mobilization. As discussed by [4] in the early stages of GST, revenue buoyancy was expected to follow a "J-curve"—an initial dip followed by a sharp rise. The results of this study confirm that India has reached the upward slope of that curve. However, unlike earlier predictions that focused solely on rate changes, this discussion highlights that the current buoyancy is driven by "administrative intelligence."

The integration of the GSTN with other databases, such as Income Tax and Customs (ICEGATE), has created a "360-degree profile" of taxpayers. This interconnectedness has made tax evasion increasingly difficult, leading to a "virtuous cycle" of compliance. For the Viksit Bharat 2047 vision, this increased revenue is not just a fiscal statistic; it is the fuel for public-led investment. The shift from a "tax-evasive" culture to a "digitally-compliant" culture marks a significant socioeconomic maturation of the Indian market.

➤ *Re-evaluating the Inflationary Narrative*

A crucial topic of discussion is the discrepancy between headline inflation and tax rate rationalization. Although the descriptive results indicate that the tax component of the Consumer Price Index (CPI) has decreased as a result of GST 2.0 these benefits have frequently been overshadowed by outside pressures. According to this study the 1.0 phases anti-profiteering mentality has given way to the 2.0 phases more market-driven transparency. The discussion concludes that the cost-to-serve for many industries has changed structurally as a result of the removal of cascading effects. But the socioeconomic advantages of this cut are not shared equally.

The price benefits are readily apparent to the final consumer in highly competitive industries like consumer electronics. On the other hand in more localized or

monopolistic service sectors the supply chain frequently absorbs the tax savings. . This suggests that although GST 2.0 is an effective tool for supply-side efficiency the existence of competitive market forces is crucial for its effectiveness as an anti-inflationary measure.

➤ *Consumption as a Proxy for Socio-Economic Welfare*

The recovery and growth of Private Final Consumption Expenditure (PFCE) post-2021 provide a vital indicator of rising welfare. The discussion posits that GST 2.0 has acted as a "silent stimulus" for the Indian middle and lower-income classes. By keeping nearly 50% of the CPI basket in the 0% or 5% tax bracket, the regime has effectively increased the real disposable income of those with the highest "marginal propensity to consume."

Furthermore, the "democratization of consumption" is a key theme. Previously, interstate trade was hindered by complex entry taxes and non-verifiable credit chains. Today, a consumer in a Tier-3 city has the same price access to a product as a consumer in a Tier-1 city, facilitated by a unified GST structure. This "One Nation, One Tax" reality has bridged the urban-rural consumption gap, which is a core tenet of inclusive growth. This formalization also brings "unorganized" retailers into the formal credit system, as their GST returns now serve as collateral-free data for digital lending, further boosting their consumption and investment capacity.

➤ *Alignment with Viksit Bharat 2047: A Structural Transformation*

Perhaps the most important structural implication is the alignment of GST 2.0 with the Viksit Bharat 2047 roadmap. Three pillars for this alignment are identified in the discussion. One. Economic Formalization: GST 2.0 is decreasing the size of the shadow economy by digitizing the transaction trail which is necessary for India to become a developed nation. Two. Fiscal Federalism: Despite political differences the GST Councils cooperative operation shows a developing federal structure in which regional fiscal isolation is subordinated to economic growth. 3. Inclusion via Transparency: By lowering the cost of technology and machinery the transition from discretionary tax administration to rule-based digital enforcement lowers corruption and enhances the Ease of Doing Business for the Annadata (Farmers) and Yuva (Youth) sectors.

The discussion ultimately comes to the conclusion that GST 2.0 is a behavioural intervention that is standardizing economic activity in India rather than just a tool for generating revenue. Even though there are still issues like the inclusion of electricity and petroleum under the GST the current trajectory shows that the fiscal groundwork for 2047 is being successfully established.

➤ *Challenges and Future Outlook: The Path to 2047*

Although there have been improvements the descriptive study identifies several persistent challenges that define the GST 2.0 surroundings. The exclusion of petroleum and electricity from the ITC chain still occurs because industries are unable to credit these high input costs. Consequently,

embedded taxes keep production costs higher than those found in other countries. Furthermore, there is concern about the rise of early formalization. The high filing frequency and the fear of automated scrutiny for very small businesses with low levels of digital literacy can lead to a compliance chill where businesses would prefer to remain below the threshold than grow. In 2047 slab convergence will be crucial to GSTs future. The current four-tier system will be replaced with a more straightforward two-rate structure that will include a standard rate for everything else and a merit rate for necessities in order to make India a truly effective global trade hub.

VI. CONCLUSION

The evolution of India's indirect tax regime from the experimental phase of 2017 to the optimized framework of GST Reforms 2.0 represents a watershed moment in the nation's economic history. This study has descriptively evaluated the multi-dimensional impact of these reforms on economic growth, inflationary dynamics, and consumption patterns post-2021. The findings suggest that the transition has moved beyond mere revenue collection toward becoming a foundational pillar for the Viksit Bharat 2047 vision.

➤ *Summary of Findings*

The descriptive analysis attests to the successful induction of Revenue Resilience by GST 2.0. The GST Council has expanded the tax base without raising the average citizens tax burden by utilizing deep-data analytics and artificial intelligence. As a result monthly collections have consistently surpassed ₹1.7 trillion supplying the fiscal state capacity required to finance social welfare and infrastructure. In terms of inflation the study finds that the structural removal of the cascading tax effect has been a major disinflationary force for domestic goods even though global external shocks continue to be a problem. By keeping necessities in the lowest tax brackets the Rate Rationalization strategy has successfully preserved lower and middle-class households purchasing power. This has consequently promoted a more inclusive growth model by causing a Consumption Expansion especially in rural markets and the digital economy.

RECOMMENDATIONS

Based on the descriptive analysis of the present trajectory the following recommendations are made to further align the GST framework with the goals of a Developed India by 2047.

- **Inclusion of Excluded Sectors:** To create a truly unified One Nation One Tax system lawmakers must consent to include electricity natural gas and petroleum under the GSTs purview. Additionally this would boost global competitiveness and reduce production costs for Indian manufacturers.
- **Supporting MSMEs:** Despite efforts to enhance digital compliance MSMEs still face a significant compliance burden. To further promote formalization a Compliance Rating system that provides regular filers with quicker refunds and fewer audits could be put into place.

- Tax Slab Convergence: Although the current multi-tier system which has five rates of 12, 18 and 28% is effective it is complicated. A three-tiered structure with a merit rate a standard rate and a demerit rate should be the goal of any long-term strategy to lower classification disputes and litigation.
- Improving the Consumer Pass-Through: The government should bolster market monitoring systems to guarantee that tax cuts result in lower retail prices. Encouraging open pricing among industry associations can guarantee that the final consumer receives the full socioeconomic benefits of fiscal reforms.

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