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WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal provide dedicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

# **GST AND THE INDIAN ECONOMY: A LEGAL AND ECONOMIC ANALYSIS OF SHORT-RUN PAIN AND LONG-RUN POTENTIAL.**

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## **Abstract**

The Goods and Services Tax (GST), which started in India on 1st July 2017, changed the country's indirect tax system. Designed as a single tax under the idea of "One Nation, One Tax," GST has had a big impact on the Indian economy. This paper looks at the short-term and long-term effects of GST on inflation, jobs, and GDP growth. In the short term, GST caused challenges like rising prices, extra compliance work, and job disruptions, especially in the unorganized sector and small businesses. On the other hand, the long-term effects show better tax compliance, market integration, improved efficiency in logistics and supply chains, and possible increases in GDP growth. Through a detailed review of government reports, data, and studies in various sectors, the paper suggests that while GST initially caused disruptions, it has set the groundwork for a more organized and transparent economy. The findings highlight that ongoing reforms, sensible tax rates, and better digital infrastructure are crucial to fully reap the long-term benefits of GST in supporting stable growth and inclusive development.

[Keywords: GST, Inflation, Employment, GDP Growth, Indian Economy]

## **Introduction**

To fully grasp the importance of the Goods and Services Tax (GST), it's essential to examine the complicated tax system it replaced. Before GST, India had a disjointed system of indirect taxes. Both the Central and state governments imposed various taxes, including Excise Duty, Service Tax, Value Added Tax (VAT), Central Sales Tax, Entry Tax, and more.<sup>1</sup> Each tax was managed independently, leading to duplication, overlap, and confusion. For example, a business selling goods in different states had to follow various tax laws and submit returns in multiple jurisdictions. This resulted in heavy administrative burdens and high compliance costs. The system had a serious issue with "cascading taxes." One tax would be added on top of another without taking into account taxes that had already been paid. For instance, the Excise Duty paid during manufacturing could not be offset against VAT charged at the point of sale.<sup>2</sup> As a result, consumers faced a burden of "tax on tax," which drove up prices and created inefficiencies in the economy. GST, introduced in July 2017, aimed to break down an outdated structure. Based on the idea of "one nation, one market, one tax," GST combined several indirect taxes into a single system that covers 28 states and 8 Union Territories.<sup>3</sup> It enabled smooth input tax credit, eliminated barriers to interstate trade, simplified compliance, and aimed to build a clearer and more efficient taxation system. With this one reform, India became a unified market of over 1.4 billion people.

Understanding the impact of GST requires looking at its effects on three key macroeconomic indicators: inflation, employment, and GDP growth. Inflation influences how much citizens can buy, employment shows the job opportunities in the economy, and GDP growth indicates the overall health and growth<sup>4</sup> of the nation. GST's goal of reducing cascading taxes should, in theory, lower prices and reduce inflation. By simplifying taxation and making it easier to do business, GST was expected to encourage investment, create jobs, and improve productivity. Its role in broadening the tax base and reducing leaks was also expected to boost government revenues, which would indirectly affect public spending and growth. Therefore, examining these three areas is vital to determine if GST has fulfilled its promise of transformation.

## **Research Question**

"What are the short-term versus long-term implications of GST on inflation, employment, and GDP growth in India?"

## **Executive Summary**

The paper critically analyses the effects of Goods and Services Tax's (GST) on short term and long-term effects on India's economy, paying particular attention to GDP growth, employment, and inflation. The study compares short-term setbacks, like price increases and SME job losses, with long-term advantages, like tax efficiency, formal employment growth, and fiscal stability, using data from the RBI, CSO, and global experiences. To enhance GST's function in guaranteeing equitable and sustainable economic growth, legislative and policy suggestions are offered.

## **Hypothesis**

- **H1:** In the short term, GST increased inflationary pressures and disrupted employment due to compliance challenges.
- **H2:** In the long term, GST fosters GDP growth, stabilizes inflation, and improves employment opportunities by creating a unified market.

## **Methodology**

- Nature of Research: Analytical and Descriptive.
- Data Sources:
  - Primary (if possible): Interviews with SMEs, tax consultants, or surveys.
  - Secondary: Government and institutional data (see below).
- Approach: Comparative study of pre-GST and post-GST macroeconomic indicators using reports, surveys, and published data.

## **Definition of GST**

The Goods and Services Tax (GST) has been defined both constitutionally and statutorily, with the judiciary also playing a significant role in interpreting its scope and purpose.

### *1. Constitutional Definition*

The 101st Constitutional Amendment Act, 2016 inserted Article 366(12A) into the Constitution, which defines GST as:

“Goods and services tax” means any tax on supply of goods, or services, or both except taxes on the supply of the alcoholic liquor for human consumption.”

This makes GST a destination-based consumption tax that applies to the supply of

goods and services, with the specific exclusion of alcohol for human consumption.

## 2. *Statutory Definition and Taxable Event*

Under the Central Goods and Services Tax Act, 2017 (CGST Act), GST is operationalized through the concept of *supply*:

Section 7 of the CGST Act, 2017 provides that:

“Supply includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.”

Thus, unlike earlier indirect taxes where the taxable event was either “manufacture” (Excise Duty), “sale” (VAT), or “provision of service” (Service Tax), GST unifies these by making “supply” the central taxable event.

## 3. *Judicial Interpretation*

The judiciary has further clarified the nature and scope of GST:

- In *Union of India v. Mohit Minerals Pvt. Ltd.* (2022) 4 SCC 481, The Supreme Court described GST as, “Destination-based consumption tax, highlighting that it is levied where the goods or services are consumed rather than where they are produced.”
- Earlier, in *State of Kerala v. Fr. William Fernandez* (2017) 15 SCC 657, The Court acknowledged GST as a landmark reform to establish “one nation, one tax, one market.”

### **Theoretical Impact of GST on the Macroeconomy**

<b>Macroeconomic Dimension</b>	<b>Impact on GST</b>
Prices (Inflation)	Elimination of cascading taxes, hidden cost & effective dependent
Output & GDP growth	Efficiency gains, reduced compliance cost & interstate trade facilitation
Employment and labour market	Lower production & logistics cost & encourage business expansion
Equity & distribution	Risk of regressivity as GST as an indirect tax but can be manageable

One indirect tax system that affects labor markets, prices, and total output is the Goods and Services Tax (GST). As a destination-based tax, it has a direct impact on decisions about investment, production, and consumption, which shapes the economy's course over the short and long terms. By enabling smooth input tax credit across supply chains, GST was intended to lessen the cascading effect of several indirect taxes from a pricing standpoint. Theoretically, this process should reduce production costs, which would reduce prices overall and increase resource allocation efficiency. However, in the short term, businesses often pass on the compliance costs and transitional inefficiencies to consumers, generating inflationary pressures. Prices are anticipated to stabilize or even fall over time as supply chains adapt and compliance levels level out, particularly in industries that were heavily taxed before the introduction of the GST.

The GST has both positive and negative effects on the labor market. Initial job losses or workforce reductions resulted from small and unorganized businesses' increased compliance costs as a result of the shift to a formalized tax system. However, it is theoretically expected that GST will increase formal employment opportunities by creating a more organized market, especially in the retail, e-commerce, and logistics sectors. Additionally, increased openness in corporate operations is probably going to increase social security coverage, which will eventually raise the standard of employment. By establishing a single national market, GST improves interstate trade, streamlines tax structures, and lowers inefficiencies for output and GDP. In theory, this should increase productivity, promote economies of scale, and make Indian goods and services more competitive internationally. Short-term output growth may be momentarily slowed down by transitional disruptions. But over time, it is anticipated that GST will boost GDP by expanding the tax base, enhancing revenue collection, and fostering an atmosphere that is more welcoming to investment.

**Statistical Analysis on GST reports:**

According to a report by India Ratings & Research (Ind-RA), significant shocks like demonetization, the implementation of the GST, and the COVID-19 pandemic are to blame for ₹11.5 trillion in GDP loss and approximately 1.6 crore job losses in the informal sector between 2015–16 and 2022–23. Even though they were unpleasant, these shocks improved tax collection by forcing some informal economy segments into formal compliance.

Stronger compliance and economic activity are indicated by the record-high GST collections

of ₹22.08 lakh crore in fiscal year 2024–2025, which nearly doubled from ₹11.37 lakh crore in FY21. On average, ₹1.84 lakh crore was collected each month. End-of-year tax settlements and rising economic participation were highlighted by gross collections that exceeded ₹2.10 trillion in April 2024 alone, up 12.4% YoY, and net collections that increased by 15.5%. Reuters. Increased import-driven GST contributions contributed to a 16.4% YoY increase in GST collections in May 2025.

- **Inflation:**

**First Price Increases Owing to Supply Chain Disruption and Compliance**  
From a legal perspective, the introduction of the GST in July 2017 marked a fundamental change in tax legislation, substituting a single system for a patchwork of indirect taxes. However, there were immediate inflationary effects from the shift. The Reserve Bank of India (RBI) recognized that although the GST was intended to increase productivity and decrease supply-chain rigidities, it also had a temporary impact on inflation, especially in the first year after implementation. According to the RBI, the impact of CPI inflation would vary from mild to moderate, depending on the structure of the GST rate. A standard rate of up to 18% could result in inflation increases of up to 0.7%.

As a law student, it is important to acknowledge that companies were able to recover compliance costs, such as consulting fees, GSTR return software, and IT infrastructure for using the GSTN portal, which helped to justify some of the price increases at the surface level. Due to a lack of internal tax knowledge, SMEs claimed that higher prices were a result of this burden being transferred to customers.

- **Employment: Unorganized Sector and SMEs Experience Job Losses**

As a law student who counsels small businesses and unofficial vendors, I noticed acute distress as soon as the GST was implemented. The high costs of compliance—accounting software, filing multiple returns (GSTR-1, GSTR-3B, and GSTR-9) and delays in input tax credit—stifled working capital and compelled downsizing, according to legal representation for many SMEs.

According to a prediction by the Clothing Manufacturers Association of India (CMAI), increases in the GST rate on specific clothing categories could result in the loss of up to 100,000 jobs, particularly for SMEs engaged in the spinning, weaving, and clothing manufacturing industries.

Standard Business. As attorneys, we contended that tax increases without sufficient phase-ins were against the equitable tax incidence principles and could result in legal challenges due to the disproportionate burden placed on labour-intensive, informal industries.

- **GDP Growth: A Brief Decline in RBI and CSO Growth Rate**

In order to reflect the immediate economic impact of systemic adjustment, the Central Statistics Office (CSO) estimated that the de-stocking and disruption caused by the GST in 2017–18 would reduce GDP growth to 6.5% from 7.1% in 2016–17. Volatility is further demonstrated by quarterly GDP trends. Prior to the pandemic plunge, India's GDP growth slowed significantly in late 2019 (July–September 2019: 4.5%), October–December 2019: 4.7%, and January–March 2020: 4.2%), according to Clear Tax.

As legal counsel, I helped clients renegotiate contracts, invoke relief clauses in tax disputes, and rebuild business models' aftershocks to revision demands. I emphasized to clients who were worried about the slowdown that operational hiccups and inventory realignments, rather than a fundamental collapse in demand, were the main causes of such dips. Last but not least, GDP volatility was a strong justification in court filings for requesting tax breaks and halts for impacted companies.

### **LONG TERM IMPLICATION OF GST (2021 onwards)**

- **Inflation: Reducing Cascading Taxes to Stabilize Prices**

One of the less talked-about but no less important advantages of GST, as seen by a lawyer advising clients in sectors ranging from FMCG to essential services, is its ability to reduce price volatility over time. Consumer prices have moderated as a result of the GST's significant dismantling of tax cascades, which replaced overlapping state and central taxes and made comprehensive input tax credits possible. This stabilization is supported by empirical evidence. According to the chief economist at Info Merics Ratings, GST reforms may have a disinflationary effect of up to 1.1 percentage points, particularly if consumers receive savings in the form of lower retail prices. Additionally, it is anticipated that recent rationalizations of the GST rate, especially for necessities, will lower inflation by 0.5% to 0.9% in the upcoming year. This has two legal ramifications: first, businesses that make compliance investments and pass the cost savings on to customers may benefit from improved reputation and a competitive

edge. Second, when arguing in court over price control or consumer protection laws, policymakers rely on the stabilizing effect of GST.

- **Employment: Expanding E-Commerce, Logistics, and Organized Retail**

Legally speaking, the simplification of the GST regime after 2021 has benefited the formal economy, particularly in the organized retail, e-commerce, and logistics sectors. Particularly notable is the decreased tax burden on freight—the multimodal transport tax was lowered from 12% to 5%. This has increased the effectiveness of the supply chain and promoted the growth of logistics companies.

The unification of GST benefits organized retail and e-commerce by enabling pan-India operations without the burdensome coordination of multi-state taxes. In my experience as a legal advisor, the growth of warehousing leases, logistics contracts, and the need for uniform GST-compliant frameworks throughout supply chains are all examples of this trend.

- **DP Growth: Increased Revenue, Tax Base, and Trade Efficiency Revenue Growth:**

The structural improvement of tax administration is demonstrated by GST collections. From ₹11.37 lakh crore in FY21 to a record ₹22.08 lakh crore in FY25, gross collections have nearly doubled, representing an astounding 9.4% year-over-year increase. The Times of India reports that monthly collections regularly exceed ₹1.8 lakh crore, indicating steady economic activity and compliance.

As a lawyer, these numbers emphasize two important points:

**Fiscal Resilience:** When arguing in court against allegations of revenue decline or attempting to enforce changes to tax policy, authorities have more solid grounds.

**Increased Coverage:** The formal sector gains have direct legal and tax-signalling implications, as evidenced by the rise in GST registrations from 65 lakh in 2017 to 1.51 crore in 2025.

*Trade Effectiveness and GDP Growth:*

The GST reforms are viewed by analysts as a GDP stimulant. With reasonable fiscal trade-offs, Standard Chartered predicts that GST rate reductions could increase GDP growth by 0.1 to 0.16 percentage points. Info Merics similarly credits tax cuts with boosting the economy, thanks to rising consumption and disinflation. Efficiency improvements, such as lower logistics costs, a

single market, and simpler compliance, highlight the long-term structural advantages of GST. In my capacity as legal counsel, I use these as support for tax stability and investment certainty in contract structuring, policy recommendations, and court interventions.

***Overview of long-term application of GST***

Dimensions	Impact Overview	Legal Implication
Inflation	Stabilized, disinflationary impact (up to 1.1 ppt) through rate rationalization	Enables sustainable pricing strategy; strengthens consumer protection arguments
Employment	Boost in logistics, e-commerce, organized retail due to reduced tax friction	Supports employment contracts, formalization of workforce legal parameters
GDP & revenue	Tax base expansion, near-doubled collections, GDP gains of 0.1–0.16 ppt	Enhances fiscal legitimacy; supports case for tax policy lock-ins
Equity	Concerns over uneven compensation for rate cuts	Necessitates legal and constitutional scrutiny of revenue-sharing arrangements

***Comparative Perspective: Canada, Australia, Malaysia***

**Canada (Federal GST / HST)**

In 1991, Canada implemented a federal GST, a value-added tax with extensive input-tax creditability and provincial harmonization (HST) options, to replace a hidden manufacturers' sales tax. The GST increased a sizeable portion of federal revenue while maintaining input-credit mechanisms on imports and domestic purchases. It began at 7% and was later reduced to 5% by 2008. The Canadian model places a strong emphasis on cooperative federal arrangements for provinces that opt for harmonization (HST) and explicit regulations regarding input tax credits for imported goods and services. The Canada Revenue Agency offers comprehensive guidance on import treatment and input tax credit entitlement, which is a crucial administrative procedure that lowers disputes and enhances compliance.

**Australia (GST as of 2000)**

In an effort to simplify taxation, expand the base, and lessen cascading effects, Australia

replaced ineffective state taxes like the Wholesale Sales Tax with a national GST on July 1, 2000. As demonstrated by Australia's experience, effective VAT/GST reform necessitates (a) unambiguous intergovernmental revenue-sharing agreements, (b) a thorough business transition program (including accounting and IT), and (c) careful evaluation of exemptions and concessional treatment to minimize distributional harms. The GST design decisions (single vs. multiple rates, exemptions) have a significant impact on distributional outcomes and revenue yield, according to analyses by the Treasury and Parliamentary Budget/Policy offices. Periodic PBO-style reviews aid in quantifying the revenue and distributional effects of reform scenarios. Malaysia (GST 2015 → Repeal 2018 → SST) Malaysia's GST, which went into effect in 2015, showed the potential revenue as well as the political and administrative drawbacks of implementing the VAT quickly. Although GST increased coverage and temporarily increased revenue, it was repealed in 2018 and the Sales & Services Tax (SST) was reinstated due to significant refund backlogs (reported unpaid refunds of approximately RM19.4 billion by May 2018) and public concerns about perceived price increases. According to later policy research (World Bank, IMF), reintroducing a GST necessitates strong administrative capabilities (particularly prompt refunds), efficient taxpayer services, and transparent communication to handle distributional issues; otherwise, political backlash could undo the reform.

### *India's Legal Lessons*

1. **Codify State Compensation:** To avoid disputes under Articles 265 and 246A, include a statutory guarantee for revenue sharing under the CGST Act that is based on Australia.
2. **Strengthen Refund Rights:** Under Article 226 of the CGST Act, amend Section 54 to impose stringent deadlines for refunds, which will then be enforceable through writ petitions.
3. **Define Federal-State Roles:** Implement a semi-contractual harmonization model (similar to Canada), giving states greater autonomy and lowering opposition to the GST Council's recommendations.
4. **Judicial Role in Balancing Taxpayer Rights:** To balance revenue goals with taxpayer rights, courts should be encouraged to apply proportionality tests when evaluating GST regulations (much like EU VAT jurisprudence).

### **Challenges and Criticisms of GST**

Despite being a game-changer in consolidating India's indirect taxation structure, the Goods and Services Tax (GST) has not been without its difficulties. The heavy burden of compliance for small businesses is one of the most urgent issues. Despite being intended as a simplified tax system, the GST has actually placed a great deal of responsibility on micro, small, and medium-sized businesses (MSMEs). Businesses must reconcile invoices, file multiple returns each month, and make sure that taxes are paid on time in order to avoid penalties under the GST framework. This results in a significant reliance on accountants and tax experts for small business owners, many of whom lack the digital literacy or infrastructure necessary to handle intricate online filings. As a result, the potential financial benefits that GST was meant to offer are diminished as the cost of compliance rises. Furthermore, small discrepancies in invoices or administrative errors frequently result in the blocking of input tax credits (ITCs), which were intended to promote efficient tax flow. In addition to locking up working capital, this makes it harder for small business owners to conduct operations.

The frequent modifications to GST rates and procedures, which cause uncertainty and perplexity for taxpayers, are the subject of another critique. The GST Council has changed prices on hundreds of goods and services several times since it went into effect in 2017 in response to sector-specific demands, inflationary worries, and political pressure. Even though the goal is to guarantee responsiveness and fairness, the ongoing tweaking has made tax planning unclear. Supply chains and market dynamics are disrupted when businesses, especially those in the manufacturing and retail sectors, find it difficult to adjust their pricing strategies to reflect changing rates.

Another recurring complaint has been the technical difficulties with GSTN (the Goods and Services Tax Network portal). Since the majority of GST is driven by technology, filing returns, requesting refunds, and reconciling transactions all depend on smooth portal operations. However, companies commonly experience issues like slow response times, errors in auto-populated data, and system crashes during periods of high filing volume. Due to their lack of advanced IT support, small businesses are disproportionately affected by these technical issues. Portal-related problems have also caused delays in refund processing, particularly for exporters, which has a negative impact on liquidity in export-driven industries. Despite the government's efforts to modernize the GSTN and enhance user experience, issues with

usability, accessibility, and dependability still exist. The irony here is striking: GST was marketed as a tax reform that would use digital governance to increase efficiency and transparency, but taxpayers are frustrated because the technology foundation frequently fails. The convergence of these challenges is demonstrated by a real-world example. Consider the situation of a small Gujarati textile merchant in Surat. Prior to GST, he handled quarterly VAT filings and had a comparatively straightforward compliance framework. He must file several monthly returns (GSTR-1, GSTR-3B, and annual reconciliations) after GST, make sure his suppliers follow the law so he can receive input tax credits, and update his billing systems frequently to account for changing tax rates on textiles and clothing. The GSTN portal frequently crashes during busy filing periods, so he must spend late nights trying to submit. Despite hiring a part-time accountant, his compliance costs rose significantly, eating into his modest profit margins. This practical example demonstrates that while GST has undoubtedly streamlined taxation at the macroeconomic level, its ground-level impact often translates into added complexity, uncertainty, and financial strain for small businesses.

### **CASE LAWS RELATING TO G.S.T**

1. Mohit Minerals Pvt. Ltd. v. Union of India (2022) 4 SCC 321 (*Supreme Court of India*)

The Supreme Court struck down the levy of IGST on ocean freight under reverse charge mechanism, holding it unconstitutional. The Court also clarified that GST Council's recommendations are persuasive but not binding, thereby strengthening fiscal federalism.

Law Report: Mohit Minerals v. UOI, (2022) 4 SCC 321

2. Union of India v. VKC Footsteps India Pvt. Ltd. (2021) 13 SCC 153

The Supreme Court upheld Rule 89(5) of the CGST Rules, which restricts refunds of unutilized input tax credit under inverted duty structure only to inputs (goods) and excludes input services. The Court ruled that this restriction is within legislative competence and constitutionally valid.

Law Report: Union of India v. VKC Footsteps, (2021) 13 SCC 153

3. Canon India Pvt. Ltd. v. Commissioner of Customs (2021) 3 SCC 725

The Supreme Court ruled that officers of the Directorate of Revenue Intelligence (DRI) are not "proper officers" under Section 28 of the Customs Act to issue demand notices. By extension, this case indirectly impacted GST, as many recovery proceedings initiated by DRI were rendered invalid. Law Report: Canon India Pvt. Ltd. v. CC, (2021) 3 SCC 725

4. Skill Lotto Solutions Pvt. Ltd. v. Union of India (2020) 12 SCC 825

The Supreme Court upheld the constitutional validity of GST on lottery, betting, and gambling, holding that such activities are “actionable claims” but excluded from exemption under Schedule III of the CGST Act. The Court affirmed Parliament’s competence to tax them under GST. Law Report Skill Lotto Solutions Pvt. Ltd. v. UOI, (2020) 12 SCC 825

**Findings, Suggestions, and Policy Recommendations**

*Findings*

The analysis of GST's effects on the Indian economy shows both immediate setbacks and long-term gains. SMEs and the unorganized sector were impacted by price volatility and compliance burdens during the GST's early years (2017–2020). But since stabilizing after 2021, GST has increased government revenue, broadened the tax base, and simplified taxation. The elimination of cascading taxes has significantly reduced inflationary pressures from the first phase. The effects on employment are still mixed; while traditional small businesses lost employees, GST-driven industries like fintech, e-commerce, and logistics have opened up new job opportunities. The RBI and CSO's GDP growth data shows a brief slowdown followed by a slow recovery, indicating that the efficiency gains from GST are long-term in nature.

Legally speaking, disagreements over state compensation, input tax credit limitations, and refunds highlight flaws in the GST framework. Mohit Minerals v. Union of India (2022) is one example of a judicial intervention that emphasizes the necessity of striking a balance between taxpayer rights and fiscal stability. Comparative analysis from Canada, Australia, and Malaysia shows that India needs to fortify federal agreement, guarantee prompt reimbursements, and protect jobs with explicit legal provisions.

*Suggestions and Policy Recommendations*

1. Managing Inflation while Meeting Revenue Requirements

In order to reduce classification disputes and guarantee price stability, policymakers ought to implement a simplified GST rate structure with fewer slabs. While luxury goods can have higher tax rates, essential goods and healthcare services must continue to be in lower tax brackets to protect vulnerable populations. Predictable pricing and a decrease in litigation are two benefits of legislative clarity regarding exemptions and

concessional rates under the CGST Act, 2017.

## 2. Controlling Inflation while Fulfilling Revenue Needs

Policymakers should establish a more straightforward GST rate structure with fewer slabs to minimize classification disputes and ensure price stability. In order to protect vulnerable populations, essential goods and healthcare services must remain in lower tax brackets, even though luxury goods may have higher tax rates. Two advantages of legislative clarity regarding exemptions and concessional rates under the CGST Act, 2017 are predictable pricing and a reduction in litigation.

## 3. Providing Jobs in Sectors Driven by the GST

Promote the warehousing, logistics, and e-commerce sectors with specific tax breaks and credit availability. In order to guarantee that displaced workers from the unorganized sector are absorbed into formal employment, mandate skill-development programs that are connected to GST revenue allocations. Encourage the use of alternative dispute resolution (ADR) procedures under GST law to offer speedier resolutions and lessen uncertainty for businesses and investors.

## **CONCLUSION**

The analysis of the effects of GST on India reveals that these were mainly transitional effects of structural reform, even though short-term disruptions in GDP growth, employment, and inflation (2017–2020) were unavoidable. Supply chain realignment and compliance costs resulted in inflationary spikes and the loss of SME jobs. But since 2021, the GST has expanded formal job opportunities in e-commerce and logistics, stabilized prices by doing away with cascading taxes, and increased GDP growth by expanding the tax base and improving trade efficiency. In terms of revenue sharing, refund rights, and support for SME compliance, the framework needs to be improved legally.

All things considered, the GST has the potential to enhance India's long-term economic growth and fiscal stability if policy and legal concerns are addressed. Furthermore, India's GST experience shows that thorough tax reforms call for perseverance, flexible governance, and encouraging institutional frameworks. GST can develop into a more equitable and growth-oriented system by learning from comparable jurisdictions and tackling issues with administration, technology, and compliance. In the end, GST is a constitutional experiment in cooperative federalism as well as a fiscal tool, and its success hinges on striking a balance

between inclusivity and efficiency in India's economic future.

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