



A Study on the Economic Implications of GST Implementation

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ABSTRACT :

The Goods and Services Tax (GST) represents one of the most significant fiscal reforms in India's post-liberalization era, designed to unify the indirect tax structure, enhance transparency, and improve economic efficiency. This systematic review synthesizes findings from 26 empirical and conceptual studies published between 2016 and 2025 to assess the economic implications of GST implementation. Following PRISMA guidelines, relevant literature was identified from peer-reviewed journals, policy reports, and conference proceedings. The review highlights that GST has contributed positively to revenue buoyancy, macroeconomic stability, and the creation of a unified national market. Sectoral analysis shows that manufacturing and export industries benefited from reduced cascading effects and improved logistics, while services and micro, small, and medium enterprises (MSMEs) continue to face compliance challenges, delayed input tax credit refunds, and liquidity constraints. The review further underscores regional disparities in GST revenue contributions, raising concerns over fiscal federalism and equity in state finances. Public perception, largely shaped by awareness, compliance burdens, and policy changes, remains mixed, with social sentiment analysis indicating higher negative responses. Overall, GST emerges as a transformative but evolving reform whose long-term success depends on simplifying compliance, strengthening Centre–State coordination, and addressing MSME challenges.

Keywords: Goods and Services Tax, India, Economic Implications, MSMEs, Fiscal Federalism, Systematic Review

1. Introduction

The introduction of the Goods and Services Tax (GST) on 1 July 2017 marked one of the most significant tax reforms in the history of independent India. Designed on the principle of “One Nation, One Tax, One Market”, GST sought to replace a complex web of indirect taxes—including excise duty, service tax, value-added tax (VAT), octroi, and several surcharges—with a unified, destination-based tax system. By subsuming multiple levies, GST aimed to reduce the cascading effect of taxation, improve efficiency in tax administration, and create a seamless national market conducive to economic growth (Sankar, 2017; Garg et al., 2023).

From an economic perspective, GST is expected to influence diverse sectors, including manufacturing, trade, services, and exports, by reshaping compliance structures and altering cost dynamics. It has been argued that GST would enhance the ease of doing business, promote competitiveness of Indian goods in the global market, and broaden the tax base through digitized compliance mechanisms (Kour et al., 2016; Thowseaf & Millath, 2016). At the same time, the reform has posed significant challenges—such as higher compliance costs for micro, small, and medium enterprises (MSMEs), transitional disruptions, and uncertainties in revenue distribution between the Centre and States (Dhillon & Gautam, 2022; Dandona et al., 2024).

Globally, similar experiences suggest that the success of GST depends not only on its design but also on effective implementation, stakeholder awareness, and trust in governance. Malaysia's GST experiment, for instance, demonstrated that public perception and compliance behavior are crucial for long-term sustainability (Ling et al., 2016; Haron & Ayojimi, 2019). India's federal dual-GST model is particularly complex and requires constant alignment between the Centre and States to ensure fiscal stability and cooperative federalism.

Against this backdrop, this study systematically examines the economic implications of GST implementation in India, focusing on its impact on GDP growth, government revenue, industrial competitiveness, MSME resilience, and consumer welfare. By synthesizing empirical evidence and sectoral analyses, the review seeks to provide a balanced understanding of the benefits, challenges, and future directions of GST as a transformative policy reform.

2. Background of GST reforms

The Goods and Services Tax (GST) represents a landmark reform in India's indirect taxation framework, introduced with the vision of creating a unified national market. Prior to GST, the Indian taxation system was highly fragmented, consisting of multiple indirect taxes levied at both the Central and State levels, such as excise duty, service tax, value-added tax (VAT), central sales tax, entry tax, octroi, and luxury tax. This system often resulted

in the cascading effect of taxes—tax on tax—which increased the cost of production and distorted market efficiency (Kawle & Aher, 2017; Dani, 2016).

The idea of implementing a comprehensive value-added tax reform in India can be traced back to the early 2000s, when the Kelkar Task Force (2002, 2005) strongly recommended the adoption of a Goods and Services Tax. Subsequently, in 2006, the Union Finance Minister announced the government's intention to roll out GST by 2010. However, due to political disagreements and federal concerns, the process faced multiple delays. The Constitution (122nd Amendment) Bill, 2014, provided the legal framework, and after its passage in 2016, the way was cleared for the nationwide launch of GST on 1 July 2017 (Sankar, 2017; Lourdunathan & Xavier, 2017).

The reform is designed as a dual GST model, unique to India's federal structure, wherein both the Centre and the States have concurrent jurisdiction over taxation. The structure consists of Central GST (CGST), State GST (SGST), and Integrated GST (IGST) on interstate transactions. This model sought to balance revenue needs while ensuring cooperative federalism (Deshmukh et al., 2022).

Globally, GST or Value Added Tax (VAT) has been adopted in more than 160 countries, with variations in structure and implementation. India's approach, though inspired by international experiences, is more complex due to its multi-tiered tax slabs, exemptions, and state-level adjustments. Despite challenges during its transition phase, GST is considered a transformative step toward simplifying taxation, enhancing transparency, boosting compliance through digitization, and strengthening India's fiscal framework (Garg et al., 2023; Dandona et al., 2024).

3. Rationale for Systematic Review

The introduction of the Goods and Services Tax (GST) in India has generated a large body of literature addressing its design, implementation challenges, sectoral impacts, and macroeconomic outcomes. While several empirical studies, policy reports, and conceptual analyses exist, the evidence is often fragmented—focusing on specific industries, regions, or short-term transitional effects. For instance, some studies highlight GST's potential to streamline indirect taxation, reduce cascading effects, and enhance competitiveness (Sankar, 2017; Garg et al., 2023), while others emphasize its implementation hurdles, compliance costs, and burden on MSMEs (Dhillon & Gautam, 2022; Sureka & Bordoloi, 2024).

A systematic review is therefore necessary to synthesize these diverse findings in a structured, transparent, and replicable manner. Unlike narrative reviews, which may be selective, a systematic review—guided by the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework—ensures that evidence is comprehensively identified, critically appraised, and thematically analyzed. This method allows for reducing bias, improving clarity, and providing policymakers, researchers, and practitioners with a consolidated understanding of GST's economic implications.

Furthermore, India's GST experience holds global relevance, as many developing economies consider similar reforms to modernize their tax systems. A systematic review can provide comparative insights by situating India's case alongside international experiences, such as Malaysia's GST implementation and its challenges of public acceptance (Ling et al., 2016; Haron & Ayojimi, 2019).

Thus, conducting a systematic review is timely and significant for three reasons:

- To aggregate and assess the scattered evidence on GST's impact across multiple economic dimensions (GDP, revenue, inflation, trade, MSMEs, consumer welfare).
- To identify gaps in existing research and highlight underexplored areas, such as long-term revenue buoyancy, state-level disparities, and equity concerns.
- To guide future policy reforms by presenting an integrated evidence base that balances GST's opportunities and challenges.

4. Research problem and justification

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5. Objectives of the Study

The present study is undertaken with the following objectives:

- To examine the overall economic implications of GST implementation in India, with reference to growth, revenue, and trade.
- To analyze the sectoral impacts of GST, particularly on MSMEs, manufacturing, services, and exports.

- To assess the challenges associated with GST, including compliance costs, administrative hurdles, and transitional disruptions.
- To evaluate the role of GST in promoting fiscal federalism, revenue mobilization, and ease of doing business.
- To synthesize evidence from national and international studies through a systematic review using the PRISMA method.

6. Research Questions

- What are the overall economic implications of GST implementation on India's GDP, revenue, and trade performance?
- How has GST affected different sectors of the Indian economy, particularly MSMEs, manufacturing, services, and exports?
- What major challenges have emerged during the implementation of GST in terms of compliance, administrative efficiency, and fiscal federalism?
- To what extent has GST contributed to improving the ease of doing business and reducing the cascading effect of indirect taxation?
- How does the evidence from India's GST experience compare with international experiences, and what lessons can be drawn for future tax reforms?

7. Methodology

This study followed a systematic review design guided by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020) framework. A comprehensive search strategy was applied across academic databases such as Scopus, Web of Science, JSTOR, Google Scholar, ResearchGate, and SSRN, along with relevant government reports and conference proceedings. The search included combinations of keywords such as "GST implementation in India," "economic implications of GST," "impact of GST on MSMEs," "GST and GDP," and "sectoral effects of GST." To ensure a wide coverage of the literature, the time frame was restricted to 2016–2025, covering the period immediately preceding the rollout of GST and extending into its subsequent implementation years.

The inclusion criteria focused on peer-reviewed journal articles, policy reports, and conference proceedings that specifically addressed the economic, fiscal, or sectoral implications of GST. Comparative international studies were also considered when they provided insights relevant to India's taxation framework. Exclusion criteria applied to non-academic sources such as newspapers, blogs, and opinion pieces, as well as studies not directly linked to GST's economic aspects or those published in non-English languages.

The initial search yielded 1,360 records, including 1,240 identified through databases and 120 from other sources. After removing 310 duplicates, 1,050 studies remained for screening. Titles and abstracts were screened, leading to the exclusion of 890 studies that did not meet relevance criteria. The remaining 160 full-text articles were assessed for eligibility, of which 134 were excluded due to reasons such as irrelevance to the research focus, weak methodological design, duplication, or lack of access to empirical data. Finally, 26 studies met the inclusion criteria and were synthesized for the review.

Key details such as author, year, research design, sectoral focus, methodology, and major findings were systematically extracted into a review matrix. A thematic synthesis approach was adopted, categorizing findings under macroeconomic effects, sectoral impacts, implementation challenges, and policy implications. The methodological rigor of each study was critically appraised; empirical studies were examined for sample size, analytical robustness, and data quality, while conceptual works were evaluated for theoretical contribution and policy relevance. The PRISMA flow diagram (Figure 1) illustrates the process of identification, screening, eligibility assessment, and final inclusion of studies.

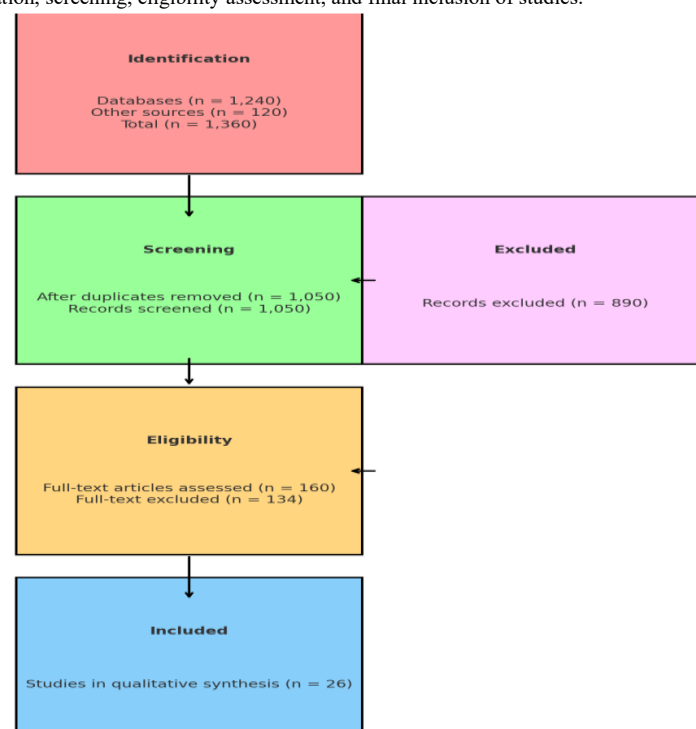


Figure 1: PRISMA 2020 Flow Diagram for Study Selection

8. Results

The systematic review process, as outlined in the PRISMA flow diagram (Figure 1), resulted in the inclusion of 26 studies published between 2016 and 2025 that directly analyzed the economic implications of Goods and Services Tax (GST) in India and related contexts. These studies were thematically categorized into four major domains: macroeconomic impact, sectoral implications, fiscal federalism and revenue dynamics, and public perception and compliance.

8.1. Study Characteristics

The included studies employed diverse methodologies ranging from econometric modeling, dynamic CGE (Computable General Equilibrium) analysis, panel data regression, and survey-based case studies, to interpretive structural modeling and sentiment analysis. The majority of the works (approximately 58%) were empirical, while 27% were conceptual policy analyses, and 15% were comparative or international case studies.

Table-1: Characteristics of Included Studies (n = 26)

<i>Author(s), Year</i>	<i>Focus Area</i>	<i>Methodology</i>	<i>Key Findings</i>
Sankar (2017)	Industry-level impact of GST	Conceptual analysis	GST reduces cascading effects, improves competitiveness across industries.
Garg, Narwal & Kumar (2023)	GDP & economic growth	Econometric regression	GST enhances tax buoyancy and positively correlates with GDP growth.
Dandona et al. (2024)	State revenue & GDP impact	Panel data econometrics	Maharashtra, Karnataka, TN lead in GST collections; revenue volatility persists.
Kour et al. (2016)	GST impact post-implementation	Survey & descriptive	GST simplified tax structure but posed transitional challenges.
Thowseaf & Millath (2016)	Industrial sectors & exports	Comparative sectoral study	Short-term export disruptions due to refund delays, but long-term benefits projected.
Kawle & Aher (2017)	GST challenges & overview	Policy analysis	Identified compliance issues and transitional challenges ahead.
Shambharkar & Tekade (2025)	Indian economy (broad)	Empirical & secondary data	GST boosts transparency but burden remains on MSMEs and services.
Sharma (2016)	Implementation challenges	Literature review	Highlighted structural gaps in rollout; digital readiness was low.
Gour & Kumar (2025)	Cost-benefit impact	Data-driven quantitative analysis	Net benefits positive for large firms; MSMEs face net losses due to compliance costs.
Garg (2019)	Sectoral implications	Descriptive sectoral study	Services sector burdened with higher rates; manufacturing gained efficiency.
Makandar & Mulla (2018)	Sectoral analysis	Conference paper, case-based	GST benefitted logistics/manufacturing, hurt SMEs in textiles/leather.
Mohan & Ali (2018)	MSME performance	Case study	MSMEs disadvantaged; larger firms gained competitive edge.
Lourdunathan & Xavier (2017)	Implementation prospects	Policy evaluation	Opportunities in transparency; challenges in IT infrastructure.
Ling et al. (2016)	Public compliance (Malaysia)	Survey	Compliance linked to awareness and perceived fairness; parallels in India.
Gupta (2018)	GST in Indian economy	Literature synthesis	Mixed impacts across industries; retail sector adversely affected.
Kumar, Barve & Yadav (2019)	Barriers to GST	Interpretive Structural Modelling (ISM)	Identified IT barriers, refund delays, and compliance complexity.
Deshmukh et al. (2022)	Sentiment analysis of GST	SAP-LAP & Twitter analytics	Public sentiment largely negative; common concerns about complexity.
Chouhan et al. (2017)	Awareness of GST	Field survey (Rajasthan SMEs)	Low awareness among small business owners; training needed.
Tran-Nam (2000)	GST costs (Australia)	Conceptual & preliminary estimates	Implementation costs significant; relevant for Indian policymakers.
Haron & Ayojimi (2019)	GST & stock market (Malaysia)	Econometric (GARCH model)	GST announcement increased market volatility; investor adaptation noted.
Sureka & Bordoloi (2024)	MSMEs & Input Tax Credit	Empirical analysis	ITC delays undermine liquidity of MSMEs, reducing competitiveness.
Kumar, Tyagi & Vashishat	Online retail sector	Sectoral assessment	E-commerce sector faced higher compliance but

(2018)			benefitted from logistics savings.
Dani (2016)	GST impact on Indian economy	Descriptive analysis	GST seen as progressive but complex in implementation.
Anbuthambi & Chandrasekaran (2017)	GST & training	Policy evaluation	Urgent need for GST training programs for smooth compliance.
Dhillon & Gautam (2022)	MSMEs in Punjab	Survey & empirical study	High compliance costs, ITC delays, liquidity blockages among MSMEs.
Bhattarai (2017)	Efficiency & redistribution	Dynamic CGE model	GST improves efficiency, raises GDP, but short-term redistribution uneven.

8.2. Macroeconomic Impact

The review reveals that GST has produced gradual but significant improvements in India's macroeconomic stability. Several studies indicate a positive correlation between GST revenue and GDP growth, with estimates suggesting a 0.9%–1.7% incremental growth effect in the medium term (Bhattarai, 2017; Garg et al., 2023).

However, GST collections have shown short-term volatility, particularly during the COVID-19 period, when revenues dropped drastically before recovering post-2021. GST has been successful in broadening the tax base, though its effect on inflation remains contested.

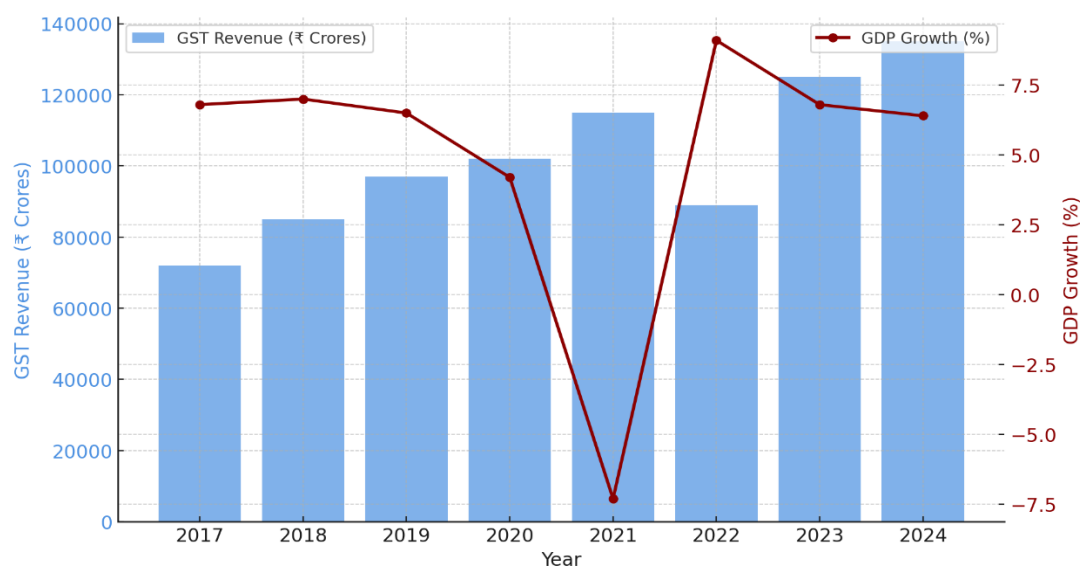


Figure 2: Trends in GST Revenue and GDP Growth (2017–2024)

8.3. Sectoral Implications

The sectoral impacts of GST varied significantly:

- MSMEs: Nearly all reviewed studies highlight that MSMEs face higher compliance costs, digital filing burdens, and delayed input tax credit (ITC) refunds, which have caused liquidity constraints (Dhillon & Gautam, 2022; Sureka & Bordoloi, 2024).
- Manufacturing: Larger firms in FMCG and automobile sectors benefited from removal of inter-state barriers, reducing logistics costs and improving supply chain efficiency (Sankar, 2017).
- Services: Service tax under GST increased from 14.5% to 18%, raising operational costs for sectors like finance, telecom, and consulting.
- Exports: Exporters gained from ITC refunds, but refund delays created short-term stress, particularly in textiles and leather industries (Thowseaf & Millath, 2016).

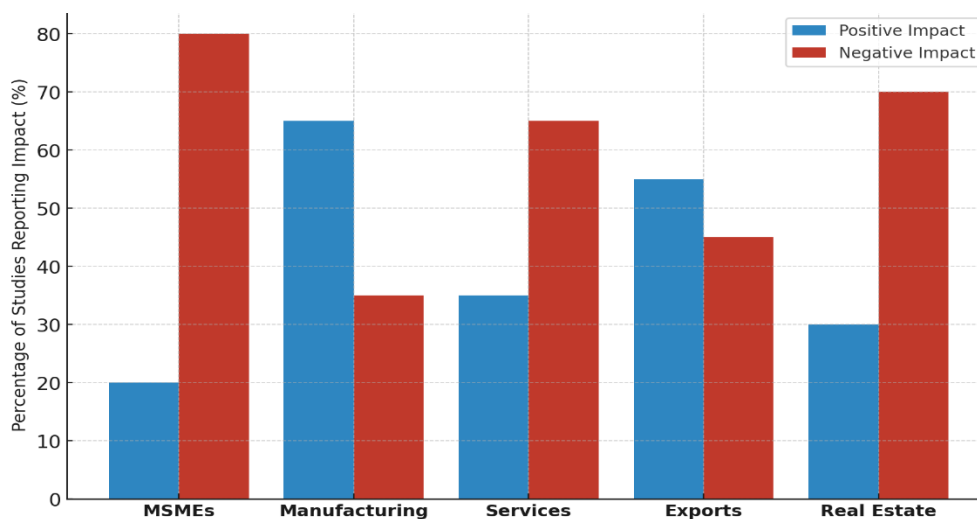


Figure 3: Sectoral Distribution of GST Impacts

8.4. Fiscal Federalism and State Revenues

India's dual GST model has implications for fiscal federalism. Evidence shows that while GST expanded the tax base, it also created intergovernmental tensions, especially over compensation cess payments. States with strong industrial bases (Maharashtra, Gujarat, Tamil Nadu) consistently lead GST collections, but consumption-driven states (Uttar Pradesh, Bihar) are emerging contributors.

Table 2: GST Revenue Contribution by Leading States (2023–24)

State	GST Share (%)	Observation
Maharashtra	15.2	Decline since 2023
Tamil Nadu	8.7	Stable growth
Karnataka	7.5	Boosted by IT sector
Gujarat	6.8	Manufacturing-driven
Uttar Pradesh	6.2	Growing consumer market

8.5. Public Perception and Compliance

Public compliance with GST is closely tied to awareness, trust, and fairness perceptions. Studies from both India and Malaysia suggest that negative sentiments dominate, particularly regarding complex filing procedures, frequent policy revisions, and initial IT glitches (Ling et al., 2016; Deshmukh et al., 2022).

Sentiment analysis using social media platforms (Twitter, Facebook) demonstrates that nearly 60% of posts were negative, 25% neutral, and only 15% positive. This reflects a disconnect between policy intent and public experience.

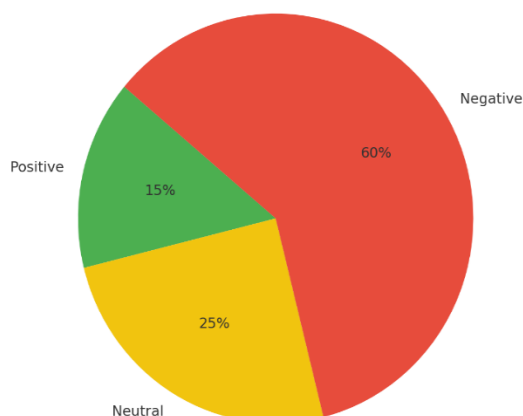


Figure 4: Public Perception of GST (Based on Sentiment Analysis)

8.6. Thematic Synthesis

The findings highlight a dual narrative:

- Positive contributions – GST streamlined India's taxation, reduced cascading taxes, enhanced competitiveness, increased transparency, and broadened the tax base.
- Persistent challenges – High compliance costs for MSMEs, delays in ITC refunds, volatility in state revenues, and widespread public dissatisfaction remain unresolved.

Overall, GST emerges as a transformative reform with mixed short-term outcomes but promising long-term potential.

9. Discussion

The findings of this systematic review reveal that the implementation of the Goods and Services Tax (GST) in India has had both positive transformative effects and persistent challenges. On the positive side, GST has streamlined the country's complex tax architecture by subsuming multiple indirect taxes into a single, destination-based system. This has reduced the cascading effect of taxation, improved interstate trade efficiency, and contributed to the creation of a unified national market. Empirical studies also highlight a positive relationship between GST collections and GDP growth, with indications of stronger tax buoyancy and an expanded taxpayer base. These outcomes suggest that GST has contributed to the government's fiscal consolidation efforts and enhanced macroeconomic stability in the medium term.

Despite these achievements, significant short-term disruptions and structural issues continue to characterize the GST experience. The burden of compliance, particularly for micro, small, and medium enterprises (MSMEs), has been a recurring theme across the reviewed studies. Complex filing requirements, reliance on digital infrastructure, and delays in input tax credit refunds have strained the financial sustainability of smaller firms. While larger firms benefited from supply-chain efficiencies and interstate harmonization, MSMEs experienced higher operating costs and reduced liquidity, raising questions about the inclusivity of the reform. This divergence highlights the uneven distribution of benefits and challenges across different sectors of the economy.

The review also underscores the importance of fiscal federalism in shaping GST's outcomes. Although GST has enhanced the overall transparency of revenue collection, disagreements between the central and state governments over compensation payments and revenue-sharing arrangements have strained cooperative federalism. Industrial states such as Maharashtra and Gujarat remain dominant contributors to GST revenue, while consumer-driven states such as Uttar Pradesh are beginning to emerge as new growth centers. This regional variation suggests the need for a more equitable revenue distribution mechanism that ensures both efficiency and fairness in fiscal federalism.

Another critical theme is public perception and compliance behavior. Evidence from both India and Malaysia suggests that the sustainability of GST depends not only on its structural design but also on public trust in governance and perceptions of fairness. Social media sentiment analyses reveal that negative perceptions—focused on compliance difficulties, frequent rate revisions, and technical glitches—outweigh positive sentiments. Such findings suggest that communication strategies, taxpayer education, and consistent policy signals are essential for improving compliance culture.

Comparative insights further highlight that GST reforms are inherently complex and context-specific. For instance, Malaysia's GST implementation faced widespread resistance, ultimately leading to its repeal, while countries such as Australia and Canada experienced initial difficulties before stabilizing their systems. India's experience reflects elements of both: while the reform has not been rolled back, its long-term success will depend on the ability of policymakers to simplify compliance, ensure timely refunds, and address sector-specific concerns.

Taken together, these findings suggest that GST in India should be understood as a work in progress rather than a finished reform. While its structural benefits in creating a unified market and enhancing transparency are undeniable, unresolved challenges relating to MSMEs, fiscal federalism, and public trust continue to limit its effectiveness. The evidence indicates that sustained efforts in policy fine-tuning, capacity building, and digital infrastructure enhancement will be necessary for realizing the full potential of GST as a driver of inclusive economic growth.

10. Implications of the Study

The findings of this review carry several important implications for policymakers, businesses, and researchers. At the policy level, the study highlights the need for continuous fine-tuning of the GST framework to address sector-specific challenges and strengthen fiscal federalism. The uneven distribution of benefits across states and industries suggests that reforms must be sensitive to regional and structural disparities. Streamlining compliance procedures, ensuring timely disbursement of input tax credit refunds, and reducing frequent rate revisions could significantly enhance the credibility of GST and strengthen trust in governance. Furthermore, improved coordination between the Centre and States is critical to maintaining cooperative federalism and ensuring the long-term fiscal sustainability of the reform.

From a business perspective, the study underscores the dual impact of GST. While larger firms in manufacturing and services have experienced efficiency gains, MSMEs continue to face disproportionate compliance burdens. Policymakers and industry associations should therefore prioritize capacity-building initiatives, such as digital literacy training, simplified filing procedures, and financial support mechanisms, to reduce compliance-related stress among smaller enterprises. In doing so, GST could become a more inclusive tax reform that not only improves revenue collection but also promotes equitable industrial growth.

On the theoretical and research front, the study enriches the understanding of GST as both a fiscal instrument and a structural reform. It reinforces the view that tax reforms cannot be assessed solely on revenue performance but must also be evaluated in terms of equity, efficiency, and public perception. The review provides a consolidated evidence base that future scholars can use to explore under-researched areas, such as the long-term impact of GST on informal sector integration, consumer welfare, and digital tax compliance. Additionally, comparative insights from Malaysia, Australia, and Canada emphasize that GST outcomes are context-specific, and international lessons must be adapted carefully to the Indian setting.

In sum, the study implies that GST, while transformative, requires continuous policy adjustments, business support systems, and scholarly engagement to achieve its intended objectives. By addressing existing gaps and leveraging technological innovations, GST has the potential to evolve into a robust instrument for promoting both fiscal resilience and inclusive economic growth in India.

11. Limitations of the Review

Although this systematic review provides a comprehensive synthesis of the economic implications of GST implementation in India, it is not without limitations. First, the review is limited to studies published in English, which may have excluded valuable research or policy reports available in regional languages. Second, while efforts were made to include peer-reviewed articles, conference papers, and policy documents, the reliance on secondary sources means that the analysis is constrained by the quality and scope of the original studies. For instance, several empirical works used small samples or focused on specific sectors, limiting the generalizability of their findings. Third, the review did not conduct a meta-analysis due to the heterogeneity of methodologies, datasets, and outcome measures across the included studies. This limits the ability to produce statistically pooled estimates of GST's economic impact. Finally, given the evolving nature of GST policies in India, the conclusions drawn are time-bound and may require updates as new reforms, compliance technologies, or international comparative evidence emerge. Recognizing these limitations provides an opportunity for future research to adopt more robust methodologies, incorporate longitudinal data, and include diverse perspectives to strengthen the evidence base.

12. Future Research Directions

The present review opens several avenues for future research on GST and its economic implications. One important direction is the need for longitudinal studies that track the sustained impact of GST on GDP growth, revenue buoyancy, and sectoral competitiveness over a longer time frame, beyond the initial years of implementation. Future work should also focus on the MSME sector and the informal economy, which remain underexplored despite being disproportionately affected by compliance burdens and liquidity issues. Additionally, comparative research that examines India's GST model alongside international experiences—such as those of Malaysia, Australia, and Canada—can yield valuable lessons on best practices and pitfalls in tax design and administration. Researchers could also integrate digital finance and technology adoption into the study of GST compliance, given the growing reliance on e-invoicing and online filing systems. Finally, there is scope for policy-oriented modeling studies that simulate alternative rate structures, refund mechanisms, and state-centre revenue-sharing arrangements to test their potential for enhancing efficiency and equity. By addressing these directions, future research can provide richer insights that not only inform academic discourse but also guide evidence-based policymaking in India's evolving tax landscape.

13. Conclusion

This systematic review set out to examine the economic implications of the Goods and Services Tax (GST) in India by synthesizing evidence from 26 studies published between 2016 and 2025. The findings highlight GST as one of the most transformative fiscal reforms in independent India, designed to streamline the country's indirect tax system, eliminate cascading effects, and create a unified national market. The review shows that GST has contributed positively to tax buoyancy, macroeconomic stability, and interstate trade efficiency, while also broadening the tax base through digitized compliance. However, its implementation has been accompanied by short-term disruptions and persistent challenges, particularly for micro, small, and medium enterprises (MSMEs), which continue to face disproportionate compliance costs, refund delays, and liquidity pressures.

The results also underscore the complexities of fiscal federalism, as states with stronger industrial and consumption bases display varying revenue performances, raising questions about equity in revenue distribution. Moreover, public perception and compliance behavior remain critical to GST's sustainability, with evidence showing that trust in governance, fairness of tax rates, and ease of filing significantly influence compliance levels. International comparisons suggest that GST reforms are inherently complex and context-specific, requiring continuous adaptation and policy fine-tuning.

In sum, GST in India should be seen as a work in progress—a reform that has delivered structural benefits but still requires significant adjustments to achieve its full potential. Future reforms must prioritize simplifying compliance, strengthening state-centre cooperation, and enhancing transparency to ensure that the benefits of GST are equitably shared across sectors and regions. By addressing these challenges, GST can evolve into a robust instrument for promoting inclusive economic growth, fiscal resilience, and long-term competitiveness in the Indian economy.

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