

GST 2.0: An Analytical Study

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ABSTRACT

Goods and Services Tax (GST) was implemented in 2017. The GST council approved GST 2.0 in its 56th meeting. GST 2.0 was implemented in 2025. GST 1.0 was based on four slabs i.e. 5%, 12%, 18% and 28%. GST 2.0 is based on three slabs i.e. 5%, 18% and 40%. Lower rates of GST 2.0 has increased the purchasing power of consumers. The 12% and 28% slabs of GST 1.0 have been eliminated in GST 2.0 with the view to make GST more consumer-centric. Proper implementation of GST requires appropriate monitoring by the Government. Tax officials need proper training to implement GST 2.0 accurately. New businesses obtain registration very fast under new GST rules. The study is based on both primary and secondary data. Primary data has been collected from the state of West Bengal. Secondary data has been collected from journal articles.

Keywords: GST, Tax, GST 2.0, Goods, Rate.

Introduction

Goods and Services Tax (GST) was introduced in 2017. GST 2.0 was implemented in 2025. GST 2.0 has brought structural changes in indirect taxation system. GST 1.0 was based on four slabs (5%, 12%, 18% and 28%) but GST 2.0 is based on three slabs (5%, 18% and 40%). New tax reforms enhance the purchasing power of consumers. As per GST 2.0, 5% rate is applicable for essential goods, 18% rate is applicable to standard goods and services, 40% rate is applicable to luxury and sin goods. Small businesses suffer to comply with GST rules due to several changes in new GST reforms. The purpose of GST is to achieve the aim of one nation, one tax. GST has brought several changes in indirect tax system with the aim to enhance the economic activity of the country. The consumption pattern of the consumers has been changed due to the lower rates of GST 2.0.

Literature Review

GST was implemented to replace excise duty, value added tax, state taxes, central surcharges, luxury tax, entertainment tax. The objectives of GST to simplify compliance and to improve transparency. GST structure of India comprises of four types of GST i.e. central goods and services tax, state goods and services tax, integrated goods and services tax, union territory goods and services tax (Govindaswamy and Srinidhi, 2025). The GST council implemented GST 2.0 to promote growth oriented taxation. The GST council simplified old GST structure into two slabs, with a higher slab of luxury and sin goods. Under GST 2.0 the rates have been reduced for many essential goods. New tax reform enhance ease of doing business (Ganesh, 2025). Taxation has immense impact on economic efficiency and business behavior. Before the implementation of GST, the indirect tax system of India was characterized by multiplicity and cascading effects. GST was introduced to create a unified national market. GST has brought structural changes in taxation system. Firms need to adopt digital invoicing to comply with new

GST rules. Small enterprises faced problems regarding technology adoption and regulatory understanding (Pandey et al., 2026). GST has changed the structure of indirect taxes. The GST council approved GST 2.0 to simplify tax structure and enhance economic growth. Many essential goods, insurance etc. have been given lower rates or exemptions under GST 2.0. New GST reform reduce compliance burden for MSMEs. The registration and return procedure for small businesses have been simplified through GST 2.0 (Bhardwaj, 2025). GST was introduced in 2017 to subsume central and state taxes i.e. VAT, excise duty, service tax. The purpose of GST is to create unified national market by eliminating the cascading effect of taxes. GST simplify indirect tax system. MSMEs faced difficulties due to compliance burdens of GST (Jaimol and George, 2025). GST was introduced in 2017 to replace several central and state indirect taxes. GST 2.0 was introduced in 2025 with simplified tax structure. GST 2.0 reduces rates on many essential items. New tax reform enhance ease of doing business. GST has significant impact on revenue mobilization (Pushpa, 2025). GST represents significant reform in the taxation history of India. The purpose of GST is to transform multiple indirect taxes into unified tax system. GST has positive effect on GDP growth rate in India. GST has significantly increased tax compliance and tax revenues. GST has increased growth of automobile sector and pharmaceutical sector (Ainapur and Ainapur, 2025). Implementation of GST was significant fiscal reforms in post independence history of India. The purpose of GST is to reform the indirect tax system. GST 2.0 emphasize on simplifying tax administration. New tax reforms have significant effect on consumers and businesses (Shanbhogue et al., 2025). GST was implemented to create universal taxation system. GST subsumed several taxes such as service tax, customs duty, excise duty, sales tax, entertainment tax, luxury tax, purchase tax. GST entirely changed old tax system and made indirect tax system capable to meet socio economic challenges of India (Sinha and Shrivastava, 2021). The purpose of GST is to eliminate cascading effect of taxes. GST subsume several indirect taxes to achieve the aim of one nation, one tax (Deepaware and Dwivedi, 2022). MSMEs need support to comply with the rules of GST. GST 2.0 has brought structural reform in indirect taxation system of India. GST 2.0 requires proper monitoring for the growth of India (Uttamsagar, 2025). GST 2.0 is based on digitization more than structure of indirect taxation system (Sunil and Devarajappa, 2025).

Objectives of the Study

- To find out various aspects of GST 2.0
- To identify prospects of GST 2.0

Methodology and Data Analysis

The study is based on primary and secondary data. Primary data has been collected from the state of West Bengal. The sample size of the study is 100. 77% of the respondents are male and 23% of the respondents are female. 56% of the respondents are between the age of 31 years to 40 years. 31% of the respondents are between the age of 41 years to 50 years. 11% of the respondents are between the age of 51 years to 60 years. 2% of the respondents are above the age of 60 years. 13% of the respondents have studied upto class twelve. 81% of the respondents are graduates. 6% of the respondents are post graduates. 63% of the respondents are businessmen. 31% of the respondents are service holders. 6% of the respondents are self employed.

Lower rates of essential goods under GST 2.0 has enhanced the consumption capacity of consumers. 81% of the respondents agree that purchasing power of common people has increased due to reduction in rates under GST 2.0. New GST reforms has enhanced the demand of non essential goods, 92% of the respondents agree that GST 2.0 has enhanced the demand of non essential goods and services. The rates of food products under new GST reforms are lower in comparison to Old GST rates. 88% of the respondents agree that the GST rates of many food products are less than old GST rates. GST 2.0 has simplified the indirect tax system. 96% of the respondents agree that GST 2.0 is more simple than GST 1.0. New GST reforms has enabled small businesses to comply with tax rules. 73% of the respondents agree that small businesses are able to comply with GST rules due to simplified rules of GST 2.0. the reduction in tax rates under GST 2.0 has enhanced economic activity in the country. 67% of the respondents agree that new GST reforms support the enhancement of economic activity. Life and health insurance premium are tax free under GST 2.0. 74% of the respondents agree that new GST reforms aim to achieve insurance for all initiatives. Under new GST rules, new businesses are able to get registration very fast. 83% of the respondents agree that GST 2.0 support easy registration of new businesses. The lower rates of GST 2.0 support the savings of consumers. 90% of the respondents

agree that new GST reforms support the savings of consumers. Agricultural sector is benefited from GST 2.0. 92% of the respondents agree that GST 2.0 has significant effect on agricultural sector. Education sector is benefited from new GST rules. 78% of the respondents agree that GST 2.0 has positive effect on education sector. Handicraft sector has become more growth oriented due to new GST rules. 83% of the respondents agree that GST 2.0 has significant effect on handicraft sector. Lower rates of GST 2.0 allow the consumers to spend more. 92% of the consumers agree that new GST structure support consumer spending. Textile sector is highly benefited from new GST reforms. 68% of the respondents agree that GST 2.0 has significant impact on textile sector. Rural traders suffer to comply with GST 2.0. 92% of the respondents agree that rural traders suffer to comply with new GST rules. GST portal need to upgrade for proper implementation of GST 2.0. 71% of the respondents agree that GST portal need to upgrade for appropriate implementation of new GST rules. MSMEs suffer to comply with new GST rules. 81% of the respondents agree that MSMEs suffer to comply with GST 2.0. Tax officials require proper training regarding New GST rules. 82% of the respondents agree that tax officials need proper training for appropriate implementation of GST 2.0. Workshops and conferences are required for small businesses so that they can comply with new GST rules properly. 84% of the respondents agree that workshops and conferences are required for small businesses. Appropriate monitoring is required for proper implementation of GST 2.0. 89% of the respondents agree that proper monitoring is required for accurate implementation of GST 2.0. New GST rules have significant effect on automobile sector. 66% of the respondents agree that GST 2.0 has positive effect on automobile sector. GST 2.0 is more development oriented than GST 1.0. 87% of the respondents agree that new GST rules is more development oriented than old GST rules. GST 2.0 is more consumer-centric than GST 1.0. 84% of the respondents agree that GST 2.0 is more consumer-centric than GST 1.0.

Conclusion

GST 2.0 is more growth oriented than GST 1.0. GST 2.0 has significant impact on various sectors. MSMEs are highly benefited due to lower rates of new GST reforms. Rural farmers and small businesses are able to comply with GST 2.0. The reduction in tax rates has increased the purchasing power of the consumers. New GST reforms has brought several changes in indirect tax system to accelerate economic activity. GST 2.0 is more consumer-centric than GST 1.0.

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