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Critical Evaluation of GST and its Implications for Tax Structure and Fiscal Revenue Performance in India

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Abstract: Goods and Services Tax (GST) in India was a major reform of indirect tax regime in India that was implemented to merge several central and state taxes into one single taxation system. This research is going to study the impact of GST on the tax system as well as revenue generation by the government of India. The study also evaluates the effectiveness of GST in terms of making tax system indirect tax simpler, improving compliance and improving fiscal efficiency. The study is analytical in nature and the data are mostly secondary and empirical collected from the publications of Government of India, reports of GST Council, annual reports of tax authorities, Economic Surveys and reports of Reserve Bank of India (RBI). It has been shown that GST has played a substantial role in restructuring and modernising the tax regime of indirect tax in India. The findings reveal substantial regional concentration and annual variation in GST collections, with positively skewed and leptokurtic distributions indicating unequal revenue contributions across states. GST collections increased significantly between successive years. However, regression analysis found no statistically significant impact of GST collections on GDP growth which is indicating that GDP growth is influenced by factors beyond GST revenue.

Keywords: GST, Tax Structure, Fiscal Revenue Performance Government Revenue ETFs

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