

Next Twenty-Five Years of GST 2.0 And Amrit Kaal Planning Toward Atmanirbhar Bharat 2047

Dr. PARAMASIVAM P.

Assistant Professor

Department of Economics

School of Social Sciences

Takshashila University

Tamil Nadu, India- 604 305.

paramasivam.p@takshashilauniv.ac.in

Dr. C. MAGESH KUMAR

Assistant Professor

School of Management Studies,

Takshashila University, Tindivanam, Tamil Nadu, India.

E-mail: dr.c.mageshkumar@gmail.com

Abstract

The government of India introduced the Goods and Services Tax (GST) reforms under two phases. The first phase of GST reform was introduced in 2017 and the second phase was introduced in the year 2025. The basic purpose of the of the GST tax reforms in India in 2017 July 1, was to have a “unified, transparent, and efficient indirect tax system”. Through this reform Government of India wanted to have a “single, common national market, moving away from a fragmented structure of multiple, overlapping central and state taxes”. In the first phase, government of India has only one target of bring reforms in the tax structure. The Next-Gen GST (GST 2.0) reforms initiated by the government of India in September, 2025, aimed at simplifying India's tax structure into a two-tier system 5 per cent and 18 per cent. A separate high tax rate like 40 per cent rate on proposed on sin/luxury commodities. One of the important addenda of Saptharishi programme presented by the Finance Minister in the year 2023 is inclusive growth and reduction of poverty, a part of Amrit Kaal programme for next twenty five years. The main Objective of the paper is to bring out the Strategies, Policies and Programms which are adopted/implemented by the Government of India under Amrit Kaal Plan for next twenty Five Years to make India as an Advanced Country or Viksit Bharat@2047 when India enters into the 100 the year of Independence and how the New Gen GST 2.0 will be useful for achieving the same. In this paper the analysis has been carried out under two sections. The first section dealt with the India's achievements, failures for the past 79 years, and Philosophy of Amrit Kaal Programme and in the second section dealt with the GST reforms introduced by the government of India under two phases.

Key words: GST, exports, Amrit Kaal, reforms, viksit Bharat, agriculture, inclusive development.

Introduction

The 56th Meeting of the GST Council took place in New Delhi from September 3–4, 2025, chaired by the Union Finance Minister Nirmala Sitharaman. The Council deliberated on India's next-generation GST reforms, including rationalisation of tax rates and simplification of compliance. GST Council approves reforms with a multi-sectoral and multithematic focus on improving the lives of all citizens and ensuring ease of doing business for all, including small traders and businessmen. Next-generation GST reforms, as announced by Prime Minister Shri Narendra Modi from the ramparts of Red Fort on 15th August, 2025, represent a strategic, principled, and citizen-centric evolution of a landmark tax framework, which will enhance the quality of life of every last citizen. It aims to bring relief to the

common man, farmers, middle class and MSME, and reducing taxes on essential goods and providing relief to local vendors and consumers. To build an Atmanirbhar Bharat, the Union Government had proposed significant reforms in GST to the Group of Ministers, which had met in August 2025. The reforms were focused on three pillars, namely structural reforms, rate rationalization and ease of living. The main Objective of the paper is to bring out the Strategies, Policies and Programms which are adopted/implemented by the Government of India under Amrit Kaal Plan for next twenty Five Years to make India as an Advanced Country or Viksit Bharat@2047 when India enters into the 100 the year of Independence and how the New Gen GST 2.0 will be useful for achieving the same. In this paper the analysis has been carried out under two sections. The first section dealt with the India's achievements, failures for the past 79 years, and Philosophy of Amrit Kaal Programme and in the second section dealt with the GST reforms introduced by the government of India under two phases.

Significance of the Study

India is the "Fourth Largest Economy" in the World at present with \$4.5 trillion next only to USA (\$31.82 Trillion), China (\$20.65 Trillion), and Germany (5.013 trillion), and will be the "Third largest Economy" by 2027. India has made great achievements in most of the areas for the past 79 years after Independence through 12 Five Year Plans and Implementation of Liberalization, Globalization and Privatization (LPG) Policies.

In fact, India has made revolutions in achieving certain targets after independence such as:

1. Life Expectancy,
2. Literacy,
3. Scientific developments,
4. Green Revolution,
5. White Revolution from 1970 onwards.
6. India has made "Blue Revolution from 1985 onwards",
7. Reduction of IMR and MMR,
9. India made revolution in the communication world.
10. About 80 per cent of the India's total population have covered with phone connections with 1.12 billion Cell Phone connections.
11. India is the "third largest" digitalized country in the world.

Though India claims a lot of achievements one after other after independence, still there are unresolved issues like

1. Poverty
2. Unemployment
3. Hunger
4. Malnutrition
5. Unemployment
6. Regional Imbalances
7. Urban and rural disparities,
8. Income inequalities
9. Lack of health facilities as prescribed by the World Health Organisation
10. Lack of political empowerment of women,

11. Atrocities on girl child
12. Large scale migration of rural people to urban areas in search of livelihood
13. Low contribution of manufacturing sector to GDP (17 per cent of India's GDP and employs over 27.3 million worker),

More people engaged with agricultural sector (According to the union Home minister and Minister of Cooperation about 55 percent of the workforce is engaged in agriculture and allied activities) which is not profitable one at present, even after 78 years of Independence. About 40 per cent of the farmers are always in debt.

The present government of India analysed the existing socio-economic problems carefully and clearly, and wanted to put an end to all these problems before 2047. So, the “Amrit Kaal” plan or strategy has been formulated for next 25 years”.

Hon'ble Prime Minister of India Shri Narendra Modi has introduced the concept of “Amrit Kaal in the year 2021 on India's 75th Independence Day in New Delhi. According to Sri Narendra Modi, “the main purpose of ‘Amrit Kaal’ is to achieve the “5 Fundamentals”:

1. The Goal of Developing India,
2. Elimination of any Trace of the Colonial Mindset,
3. Honour and Pride in Our Roots,
4. Development of Unity, and
5. A Sense of Duty among Citizens.

It was in July 2023 that Prime Minister Narendra Modi termed 'Amrit Kaal' as 'Kartavya Kaal' to stress on the fact that India's top priority now is on 'kartavya' (duties).

Pillars for Achieving Viksit Bharat

The “Amrit Kaal” is a plan or strategy which has been adopted/formulated by the Government of India for “next 25 years to attain the status of Developed Country or Viksit Bharat@2047. The first foundation for the Amrit Kaal Plan has been laid in May 12, 2020 itself as a “Corona 19 revival package” known as “Atmanirbhar Bharat or Self Reliance Bharat” Programme with Five Pillars to put the Indian Economy on the right track for development. According to PM Sri Narendra Modi, these pillars are not only the “foundation of India's prosperity but also pillars of global prosperity”.

These pillars are:

1. Economy
2. Infrastructure
3. Technological Driven System
4. Vibrant Demography
5. Demand Based on the Atmanirbhar Bharat Pillars

Government of India in its Budget 2021 laid another “Six More Pillars” to strengthen Atmanirbhar Bharat.

They are:

1. Health and wellbeing
2. Physical, Financial capital and Infrastructure
3. Inclusive Growth for Aspirational India

4. Invigorating the Human Capital
5. Innovation and Research and Development
6. Maximum Governance and Minimum Government.

These pillars are laid over the Atmanirbhara Bharat Pillars to strengthen the economy.

In addition to the above 5 plus 6 pillars, Government of India came with another seven pillars known as

“The Gati Sakhti Pillars” in the year 2022, which are considered as “Seven Engines of Growth”. The “PM Gati Shakti National Master Plan”, aims to create a unified, coordinated approach to infrastructure development.

The Gati Sakhti Pillars are:

1. World Class Railway Transport System
2. World Class Road Development System
3. World Class Port Development
4. World Class Waterways
5. World Class Airports
6. Mass Transport System
7. World Class International Container Transshipment Facilities.

After having discussions with various quarters of the economy, again India has shortlisted “Seven Prioritized areas” to be addressed scientifically before 2047.

These “Seven Prioritized Areas” are known as “Saptarishi Programme”. They are

1. Inclusive Development,
2. Reaching the Last Mile,
3. Infrastructure and Investment,
4. Unleashing the Potential,
5. Green Growth,
6. Youth Power
7. Financial Sector.

In the Interim budget 2024-25, Government of India has once again identified “Four Critical Areas” which are perennial in nature right from India’s Independence to be addressed on priority basis. They are

1. Elimination of Poverty,
2. Socio Economic Development of the farmers,
3. Socio Economic and Political Empowerment of Women
4. Skill Development of the Youth.

The Finance Minister in the Budget 2024-2025, for pursuit of “Viksit Bharat” has identified 9 priority areas for generating ample opportunities for all including new Gen Reforms. They are 1. Productivity and resilience in Agriculture, 2. Employment & Skilling, 3. Inclusive Human Resource Development and Social Justice, 4. Manufacturing & Services, 5. Urban Development, 6. Energy Security, 7. Infrastructure, 8. Innovation, Research & Development and Next Generation Reforms.

In the Budget 2026-27 government of India emphasized three major duties to under Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman tabled the Union Budget 2026-27 in the parliament today. The highlights of the budget are as follows:

First kartavya is to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics.

Second kartavya is to fulfil aspirations of people and build their capacity, making them strong partners in India's path to prosperity.

Third kartavya, aligned with vision of Sabka Sath, Sabka Vikas, is to ensure that every family, community, region and sector has access to resources, amenities and opportunities for meaningful participation.

Amrit Kaal and New Gen GST-2.0

Right from coming to power for the first time on May 26, 2014 Modi government is taking a lot of reforms in different sectors of the country. Make in India programme in 2014, MUDRA Scheme in 2015, startup programme In 2016, demonetization in 2016 then comes Goods and Services Tax (GST) reform in 2017. It was implemented in India on 1st July 2017. The basic purpose of introduction of GST is to have a unified indirect tax system replacing numerous state and central taxes numbered about 17 different taxes and 13 cesses, a fundamental change in the India's tax structure. This tax reform was first proposed in 2000 and recommended by the Kelkar Task Force in 2002 after going through the tax structure of various countries.

The objective of first GST reform in 2017:

There are two phases of GST tax reforms introduced by the present government in India. The first phase of GST reform was introduced in 2017 and the second phase was introduced in the year 2025. The basic purpose of the GST tax reforms in India in 2017 July 1, was to have a unified, transparent, and efficient indirect tax system. Through this reform Government of India wanted to have a single, common national market, moving away from a fragmented structure of multiple, overlapping central and state taxes. In the first phase, government of India has only one target of bring reforms in the tax structure.

Key Objectives of the 2017 Reforms: The following are the main target of the first phase,

1. "One Nation, One Tax": To replace a complex web of taxes (like VAT, Central Excise, Service Tax, and Entry Tax) with a single, uniform tax structure for goods and services across the country.
2. Eliminate Tax Cascading ("Tax on Tax"): To remove the cascading effect, where tax was levied on top of previously paid taxes. GST allows for a seamless flow of input tax credits, ensuring tax is paid only on the value added at each stage.
3. Simplified Compliance: To reduce compliance costs and bureaucratic hurdles for businesses through a digitised, technology-driven platform (GSTN).
4. Widen the Tax Base and Curb Evasion: By digitizing processes, invoice matching, and bringing more businesses into the formal economy, the reform aimed to lower the incidence of tax evasion.
5. Improve Ease of Doing Business: To foster a more stable, predictable, and competitive business environment, promoting "Make in India" and boosting manufacturing growth.
6. Enhance Transparency: To reduce the human interface between taxpayers and tax officials through online registration, filing, and refund processes (www.pib.gov.in).

The New Gen GST 2-0

When the government of India introduced the second phase of the GST reform in 2025, generally known as the New Gen GST 2-0, after successfully implementing the first phase of GST reforms, the socio-economic scenario in the country is completely changed. After COVID-19 government of India brought a lot of changes in the economic targets of the country. After Covid 19, government of India brought a 25 Year Plan also known as “Amrit Kaal Plan to achieve Viksit Bharat @2047” from 2022 onwards. Under the Amrit Kaal programme, government started giving importance to Gati Sakthi Programme, inclusive growth, green development, investment, youth development, reaching the last mile, financial capital, unleashing the potential, socio economic and political empowerment of women, socio economic development of farmers, revolution in the industrial sector as well as in the external sector, and complete elimination of poverty and malnutrition, and unemployment from India. The government of India already started working on these themes with a sense of duty or Kartavya. With the intention of speed up the Amrit Kaal Programme to achieve viksit bharat@2047 government of India introduced the Second Phase of GST Reform.

The New Gen GST 2-0 has been implemented by the government of India right from 22nd September, 2025. It brought a complete change in India's tax system and also approach to tax system. It indirectly conveys a simple message that is instead of increasing the tax rates to maximize the income of the government (GST), government could increase the GST also by another method of reducing the tax rates. People will get some surplus income when tax is reduced and the same surplus money will be used for meeting their necessary things and that also generate GST for the government. From this New Gen GST 2-0 one could easily understand that it mainly focused on surplus money among the poor people, encouraging MSME, and small businesses, make compliances earlier for the households, and consumers.

Chanakya is of the opinion that tax system plays a critical role in ensuring the economic well being of the society and a just tax system is very much modern in approach. “Chanakya emphasized that taxation should not be a painful process for the people and it is very necessary to ensure leniency and caution while deciding the tax structure. He recommended tax exemptions for the poor, the elderly and the needy. Chanakya was of the view that all achievements are highly dependent on finance. Therefore, serious attention must be paid to increasing the treasury on a priority basis. He believed that a large number of people paying tax on less rate are much better than a few people paying tax on heavy rates. Therefore, he emphasized on a wider range of the tax net” (Ramesh Kumar Vankwani, 2019)

The New Gen 2-0 suggested three slab tax system such as 5 per cent, 18 per cent and 40 per cent. The 12 per cent tax rate and 28 per cent tax rate are removed from the tax slabs. The main Objective of the paper is to bring out the Strategies, Policies and Programms which are adopted/implemented by the Government of India under Amrit Kaal Plan for next twenty Five Years to make India as an Advanced Country or Viksit Bharat@2047 when India enters into the 100 the year of Independence and how the New Gen GST 2.0 will be useful for achieving the same.

The Next-Gen GST (GST 2.0) reforms initiated by the government of India in September, 2025, aimed at simplifying India's tax structure into a two-tier system 5 per cent and 18 per cent. A separate high tax rate like 40 per cent rate on proposed on sin/luxury commodities. One of the important addenda of Saptharishi programme presented by the Finance Minister in the year 2023 is inclusive growth and reduction of poverty, a part of Amrit Kaal programme for next twenty five years.

The New Gen GST reduced the cost of daily consumable essential products. The reduction of tax rates will bring down the household costs and boost consumption. The prices of items UHT milk, ghee, jam, dry fruits, paneer, and various snacks, cereals and processed foods are now under a 5 per cent or Nil slab. Since 99 per cent of items shifting to the 5 per cent slab, it increased affordability for low-income households. It will bring down the malnutrition among the poor children in India particularly in rural and tribal dominated areas. According to 2025 Global Hunger Index (GHI), prepared and published by Irish humanitarian agency Concern Worldwide and German NGO Welthungerhilfe, India ranks 102nd out of 123 countries with a score of 25.8, falling into the "serious" category. The GHI is based on four main indicators: undernourishment, child wasting, child stunting, and child mortality. According to National Family Health Survey 5 (NFHS 5), Malnutrition in India is a major public health crisis, with 35.5% of children under five stunted, 19.3% wasted, and 32.1% underweight. “The State of Food Security and Nutrition in the World, 2023: Around 74% of India's population could not afford a healthy diet, and 39% fell short of a nutrient-adequate one. The Mission Poshan 2.0, Integrated Child Development Services (ICDS) Scheme, Pradhan Mantri Matru Vandana

Yojana (PMMVY) Mid-Day Meal Scheme, Scheme for Adolescent Girls (SAG) Mothers Absolute Affection (MAA), are some of the major schemes adopted by the central government to tackle malnutrition and related issues". Tackling malnutrition in India requires a multi-faceted approach focusing on dietary diversity, nutrient fortification, and behavioral change, rather than just food availability. Key strategies include implementing Large-Scale Food Fortification (LSFF), strengthening healthcare infrastructure, and enhancing Social and Behavior Change Communication (SBCC) to address the nutritional double burden (indianexpress.com, 2024).

One of the 4 chronic problems India facing right from India's independence and to be removed before 2047 is poverty. Other three problems are lack of socio-economic and political empowerment of women, lack of skill development of the youngsters, lack of socio economic development of farmers. According to World Bank 2025 the extreme poverty line is defined as those whose income is less than Rs. 62 per person per day. If we apply this concept about 5.75 per cent of Indians are living in extreme poverty, and 23.9 per cent fall under the low middle income poverty line. "The government has aimed to enhance food affordability by bringing most food items under the 5% or NIL tax slab, as seen in the exemption of staple Indian breads like Paratha, Parotta, and Roti from GST, reflecting their status as essential household foods. Reduction of GST on food items to 5% or NIL benefits not only consumers but also the youth involved in the food processing value chain — from farmers and cooperatives to MSMEs, retailers, and exporters"(www.pib.gov.in, 2025).

Another important aspect is that the reduced tax on Fast-moving consumer goods (FMCG) which are products that are sold quickly and at a relatively low cost such as soap, hair oil, toothpaste, toothbrush, and shaving cream from 18 per cent to 5 per cent will improve the hygienic and health conditions of the people.

The Budgets 2025 -26 and 2026-27 started giving a lot of importance for industrialization Programmes particularly through MSMEs by reducing rates on essentials, automobiles, and services, while streamlining registration and compliance under ease of doing business. Reduced tax rates for labour-intensive sectors like textiles, footwear, handicrafts, and leather goods from 12 per cent to 5 per cent will help small and resource based and home-based producers, protecting their livelihoods and increasing job opportunities.

The MSME sector playing a major role in industrializing India. MSME sector is considered as economic backbone of the industrial sector and , contributing roughly 30 per cent to GDP, 45 per cent to manufacturing sector, employs about 12 core low skilled workers and 45 per cent to exports. This sector plays a major role in industrialization of the rural areas. "In 2025, India's manufacturing sector is experiencing strong growth, with GVA growing 7.72 per cent in Q1 and 9.13% in Q2 of FY 2025-26, driving the overall economy. The sector currently contributes nearly 17 per cent of India's GDP, with, however, some, earlier 2025 estimates citing a lower 13-14 per cent range, falling short of the long-term target of 25 per cent. "Manufacturing is emerging as a central pillar of India's economic growth, contributing around 16-17% of GDP and employing over 27 million workers. The sector's strength lies in the performance of key industries such as automotive, engineering, chemicals, pharmaceuticals, consumer durables, electronics, and textiles. Supported by government initiatives like Make in India and production-linked incentive (PLI) schemes, India is targeting manufacturing to account for 25% of GDP in the coming years. India's manufacturing strength is accelerating, with exports rising and core sectors like electronics, pharmaceuticals, automobiles and textiles positioning the country to approach Rs. 88,67,000 crore (US\$ 1 trillion) in output by FY26 and strengthen its role as a global manufacturing hub.. India's manufacturing sector is rapidly expanding, with a 4.26% growth in FY25, aiming to contribute 25% to GDP by 2030 and reach \$1 trillion in output by FY26. Key drivers include the PLI schemes, "Make in India" initiative, and rising exports in electronics, pharmaceuticals, and engineering goods. The sector is shifting towards high-value, sophisticated production. The government has reinforced this growth with policy support. The National Manufacturing Policy has evolved into the new National Manufacturing Mission, announced in Union Budget 2025-26, which focuses on five key areas: ease and cost of doing business, a future-ready workforce, vibrant MSMEs, access to technology, and quality manufacturing. The mission also seeks to build clean-tech ecosystems across solar PV cells, EV batteries, electrolyzers, wind turbines, and grid-scale batteries. Alongside, a new focus product scheme has been launched to boost India's footwear and leather sector, projected to generate 22 lakh jobs, achieve turnover of Rs. 4 lakh crore (US\$ 45.7 billion) and enable exports worth over Rs. 1.1 lakh crore (US\$ 12.6 billion)." (www.ibef.org, 2025)

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment

opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country (MSME.Gov.in)

“The Micro, Small, and Medium Enterprises (MSME) sector remains a cornerstone of India’s economic growth, playing a vital role in fostering innovation, employment generation, and exports. Often referred to as the backbone of the nation’s manufacturing and industrial ecosystem, MSMEs bridge the urban-rural divide, promote entrepreneurship, support local supply chains, and drive economic inclusivity. By leveraging regional resources and catering to local markets, MSMEs contribute significantly to community development, infrastructure enhancement, and improved living standards. Contributing nearly one-third to India’s GDP, the MSME sector is a key pillar of the government’s flagship ‘Make in India’ initiative and is recognised as one of the four primary engines of economic growth. The government’s consistent push toward formalisation has further bolstered credit penetration, allowing more enterprises to access formal financial systems. However, sustaining the momentum in the sector is very critical for realising the goal of Viksit Bharat by 2047. MSMEs are more susceptible to economic disruptions than larger enterprises, and while many informal micro-enterprises (IMEs) have been brought under the formal fold through the Udyam Assist Platform, a significant portion of India’s 7.34 crore MSMEs (as per the Annual Survey of Unincorporated Sector Enterprises 2023- 24) continues to operate outside policy frameworks. Limited access to affordable capital, constrained market reach, inadequate infrastructure, skilled labour shortages, lack of technological adoption, productivity challenges and climate change risks are some of the critical barriers impeding their growth” (Manoj Mittal, 2025).

Ensuring accessibility and availability of the educational services for the poor is one of the important aspect of National Education Policy 2020. The reduction of prices of school items such as Pencils, erasers, notebooks, stationery, and books and exercise books encourage the disadvantaged children to go to school. India has about 245 million children enrolled at the pre-primary school level as Gross Enrolment Rate (GER). The goal is to achieve 100 per cent GER in school education (pre-school to secondary level) by 2030. About 6 million children drop out annually due to poverty conditions and lack of availability and accessibility of schools, school buses, and early marriage in rural areas. To avoid such drop outs the cost of school materials are reduced. If they go to school they will continue to learn the regular classes along with participating the vocational training programmes for their future livelihood.

On the other hand about 44 million students entered into the higher education institutions, universities and colleges in 2024-25, with a Gross Enrolment Ratio (GER) of 28.4% for the 18-23 age group. Government has target of achieving this GER rate to 50 per cent or 86 million by 2035. The government plans to achieve these targets through increased infrastructure, digital education, improved student retention, and creating a sustainable R&D ecosystem. While the main goal is set for 2035, this is a critical interim milestone aimed at creating a skilled workforce necessary for a developed economy by 2047. This target is based on the National Education Policy (NEP) 2020 and subsequent government planning for "Viksit Bharat@2047". This New Gen GST 2-0 will ensure the availability, accessibility and affordability in the educational system for all.

India has created world class infrastructural facilities under the Gatisakthi scheme. The reduction of tax rates on automobile sector and construction sector from 28 per cent to 18 per cent particularly on two-wheelers and four wheelers will boost the automobile sector and real estate business. The automobile sector is one of the major pillar of India's economy, contributed 7.1 per cent of GDP in 2024-25 and 49 per cent of the manufacturing GDP. India's Automobile sector is considered as the 4th largest producer in the world and also created job opportunities to 37 million jobs directly and indirectly. It is also one of the major sector in attracting foreign direct investment (FDI), worth of USD 240 billion. Every year Indian automobile sector produces about 32 million units for domestic use and foreign use. The automobile sector shares about 8 per cent of the India's total exports worth of \$824.9 billion in 2024-25. This automobile sector With 12.5 growth rate will become a global hub in the year 2047. With increasing domestic demand, rising Electric Vehicle (EV) adoption, and a strong export market, India aimed for higher global market share by 2030. The GST tax reduction from 28 per cent to 18 per cent will encourage the 450 million middle class population go for purchase of four wheelers and two wheelers, and also to replace the old vehicles with e-vehicles in the coming years. Under the Gatisakthi programme government already laid excellent road facilities connecting all the cities in India, all the tourist places in India, all the temple towns in India, from Kashmir to Kanyakumari and more works are in the pipe line also.

More employment opportunities would be created if people purchase more two and four wheelers and travel frequently to various destinations. The tourism sector has created employment opportunities for 76 million direct and indirect jobs at present and it has a potential of 100 million by 2030. India has a target of creating 200 million employment opportunities in the year 2047. This sector has a potential of contributing about \$3trillion (10 per cent) to India's GDP by 2047. This is possible only through creating world class road, railway and port and airport infrastructural facilities, hospitality, eco-tourism and tourism culture. To encourage the hospitality sector and tour and travel sector the tax on hotel industries reduced from 10 to 5 per cent. It is applicable to gyms, salons, and yoga services also.

The New Gen GST 2-0 is a boon to farmers in increasing their income and also saving money by paying less tax for agricultural instruments. India has about 1460 million population in the year 2025. Out of that about 44 per cent are highly depend on agricultural sector for their livelihood. About 85 per cent of them are small and marginal land holders with less than 1.25 hectares of land. The monthly income of the farmers in the year 2018-19 was ₹10,218/- and it increased to ₹19,696 to ₹20,834 /- in 2024-25. They are not getting profit for their products. The traders taking away two third of the profit. They are not getting credit facilities also. Due to lack of credit facilities a majority of the farmers heavily depend on the money lenders for agricultural operations. The National Crime Records Bureau (NCRB) has stated that during the period from 1995 to 2023, 3.94 lakh to nearly 4 lakh farmers and agricultural labourers have committed suicide in India due to financial problems. So the socio economic development of the farmers is very important for achieving the status of a developed country. The present tax reduction in almost 95 per cent of agricultural instruments will help in saving money and create additional income for the farmers. "The impact of the GST reforms will be widely seen among small and medium farmers. Lower GST on agricultural machinery and solar-powered equipment will reduce farming costs and increase farmers' profits. GST has been reduced on bio-pesticides and micronutrients, which will benefit farmers and encourage a shift from chemical to bio-fertilisers. In the dairy sector, milk and cheese will now attract zero GST, benefitting not only common citizens but also farmers, livestock owners, and dairy producers. The GST reforms will also promote integrated farming. Clear benefits will be visible in animal husbandry, bee keeping, fisheries, agroforestry, and poultry farming. Reduced GST on tendu leaves will strengthen the livelihood of tribal communities, while lower GST on commercial goods vehicles will make the transportation of farm produce cheaper. The GST rationalization in agriculture is a farmer-friendly, pro-rural, and pro-sustainability reform — lowering costs for farmers, boosting cooperatives and FPOs, and strengthening food security. The boost in agriculture will happen at a multi-layered level and also to all its allied activities. The farm productivity will increase thanks to reduced fertilizer costs, the cold storage and Agri-processing will gain, and mechanization will increase in farming. In addition to all this, aqua culture, dairy farming and co-operatives involved in the same will become more profitable. The follow-on effect of the above will make us more competitive against imported food products and packaged foods. Our domestic food production would be more competitive compared to imports of food items, in order to become Atmanirbhar."(www.pib.gov.in).

India wanted to play a major role in the external sector. At the time of India's independence India's share in the world trade was 2.4 per cent though India was exporting only agri-based traditional commodities such as cotton, jute, tea, coffee, oil cake etc. After independence India did not give much importance for external sector or wanted to develop without the influence of foreign countries. This policy is generally called Laissez-faire policy or inward looking policy. This inward looking policy or system continued upto 1991. During this period India's trade share in the global trade reduced to a minimum of 0.5 per cent. India's approach towards external sector After 1991 is completely been changed when we started giving importance to Foreign Direct Investment (FDI), and foreign technical knowhow for economic development like China. Now India exports about 7000 thousand commodities to the world markets. We are exporting not only agricultural products but also highly sophisticated computer software items, engineering goods, leather products, electrical and electronic products, pharmaceutical products etc. Still India is not able to increase the share equal to that of pre-Independence period. India's share in the world trade at present is 1.8 per cent only. Modi government wanted to increase this share to 3.5 per cent in 2027. The government has set a target of \$2 trillion in total exports (goods and services combined) by 2030. Similarly India has set ambitious targets in the Amrit Kaal programme to significantly increase its share in global trade and also wanted to become a major global economic power by 2047 by increasing its share in global exports to 10 per cent. To Increase India's trade at the global level, Modi ji has signed 13 Regional Trade Agreements (RTAs)/Free Trade Agreements (FTAs) with various countries/regions namely, Japan, South Korea, countries of ASEAN region and countries of South Asian Association for Regional Cooperation

(SAARC)Mauritius, United Arab Emirates, Australia. India's merchandise exports to all these countries/regions have registered a growth in last ten years (www.pib.gov.in). The New Gen GST reforms aim to boost export competitiveness for India's commodities. Exports remain zero-rated, meaning no GST is levied on exported goods or services. The new Gen GST 2-0 enhanced the refund mechanism, including a 90 per cent provisional refund for exporters dealing with inverted duty structures and zero-rated supplies to improve cash flow. The threshold limit for GST refunds on low-value export consignments (sent via courier or post) has been removed, benefiting small-scale exporters. The reduction of GST of man-made fibers, man-made yarns, and packing materials, textiles, leather, handicrafts, and toys to 5 per cent will reduce the overall cost of production, making Indian products more competitive globally (www.pib.gov.in).

Drones have emerged as transformative tools across sectors like agriculture, defense, disaster management, and infrastructure development. Recognizing their potential among the tech-savvy youth, the Indian government is intensifying efforts to integrate drone technology into national development strategies. Working along the same lines, the GST on unmanned aircrafts (drones) has been significantly reduced from the earlier 18% / 28% to a uniform 5% rate. This rationalization aims to encourage wider adoption of drones across sectors while also boosting domestic manufacturing under the Make in India and Atmanirbhar Bharat initiatives. The uniform 5% GST rate on all drones, regardless of specifications, ensures parity and removes classification disputes, providing clarity and long-term stability to the industry. This policy aligns with the Production Linked Incentive (PLI) Scheme and is expected to unlock wide-ranging sectoral applications in agriculture, petroleum, mining, infrastructure, logistics, defence, and emergency response. Beyond sectoral growth, it will also drive economic benefits by generating new employment opportunities for the youth in manufacturing, software development, field operations, and maintenance (www.pib.gov.in, 2025).

The Union Budget 2026-27 targets a fiscal deficit of 4.3% of GDP (the optimal rate is 3 per cent of the GDP) with the aim of fiscal consolidation, reducing the deficit from the revised estimate of 4.4% in 2025-26 and to achieve a debt-to-GDP ratio of 55.6%. The government aims to maintain a declining debt-to-GDP ratio, targeting about 50±1% by 31st March 2031. States are typically allowed a fiscal deficit of 3.5% of their Gross State Domestic Product (GSDP), with a portion often tied to reforms. If India wanted to achieve this India needs more income through GST. India's Gross GST collections in March 2026 surpassed ₹2 lakh crore, marking an 8.8% year-on-year growth and highlighting a strong finish to the 2025-26 fiscal year. Average monthly collections have risen to over ₹1.84 lakh crore in FY25, demonstrating sustained economic activity.

The future of the Goods and Services Tax (GST) in India is focused on a simplified, fully digital, and automated tax regime. The primary targets are to have enhanced compliance through AI, and the inclusion of excluded sectors to achieve the "One Nation, One Tax" goal. Even after the introduction of the 2-tier GST structure, the GST collections keep on increasing, signaling that broader tax bases are compensating for rate cuts on everyday essentials. The active taxpayer base grew from 66.5 lakh in 2017 to over 1.51 crore by early 2025.

Preventing GST leakage requires strict compliance, regular reconciliation of purchase/sales data (GSTR-2B vs. books), and timely filing of returns. Key strategies include validating vendor GSTINs, avoiding unauthorized Input Tax Credit (ITC) claims on blocked items, and utilizing digital tools for automatic reconciliation to eliminate errors (www.myndsolution.com, 2026). Future reforms aim to gradually include petroleum products and alcohol under the GST framework, which would significantly expand the base. The future GST regime will be increasingly AI-driven, with hard-locking of auto-filled ITC values in GSTR-3B expected to significantly reduce evasion. The lowering of the tax slab lowered compliance costs and encouraging formal business operations.

According to the Ministry of MSME, there are over 79.4 million MSMEs in India in the year 2026. MSMEs in India with an annual turnover exceeding ₹40 lakh for goods (₹20 lakh for services) are mandatory to register and pay GST. While a specific total number of GST-paying MSMEs is not publicly fixed, it is estimated that over 92 per cent of India's total enterprises are in the unregistered sector. Many MSMEs register voluntarily to gain credibility and avail of ITC, even if their turnover is below the threshold.

There are about 197 recognized countries in the world at present. Out of that approximately 176 countries have implemented or Goods and Services Tax (GST) system. France is the first country in the world introduced GST tax in the year 1954. It took 63 years for India to implement the same in India. GST tax system has become the global standard for consumption taxes, and covering about 90 per cent of the population of the world. Some countries like Singapore,

New Zealand, and Australia adopted a single unified GST system. On the other hand countries like India from 2017 onwards, Canada, Brazil, adopted a dual GST model, where both federal and state governments levy tax.

Reduction of GST rate into three slabs such as 5 per cent and 18 percent has two implications. It encourages consumption and spending habit of the people and finally It led to high GDP growth. Economic growth always associated with more investment and reinvestment, more job creation, more income generation for the people, go for more economic activities like purchasing land, constructing houses, purchasing two and four wheelers, sending children to good schools, going for tour and travels and finally to the direction of social development. The vicious circle of growth will be ensured by removing the vicious circle of poverty. This is what the government is expecting by reducing the GST rates. These tax reforms were introduced with the intention of making India as a country of poverty free, unemployment free, reduction of rural and urban differences, industrializing the rural area, stop the migration of youngsters from rural area to urban areas by the time when India reaches the 100 year of independence in 2047, generally called such economy as Viksit Bharat@2047.

References

1. Press Information Bureau. (2018). Press release.
<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1494580®=3&lang=2>
2. Vankwani, R. K. (2019, July 14). Chanakya's taxation. The News. <https://www.thenews.com.pk/print/497114-chanakya-s-taxation>
3. Indian Express. (2024, January 29). How to tackle malnutrition effectively.
<https://indianexpress.com/article/opinion/columns/how-to-tackle-malnutrition-effectively-9131956/>
4. India Brand Equity Foundation. (2025). Manufacturing sector in India industry report.
[[https://www.ibef.org/industry/manufacturing-sector-india#:~:text=India's%20manufacturing%20sector%20also%20continues,%2015%20billion\)\)%20in%202025](https://www.ibef.org/industry/manufacturing-sector-india#:~:text=India's%20manufacturing%20sector%20also%20continues,%2015%20billion))%20in%202025)].
5. Ministry of Micro, Small & Medium Enterprises. (n.d.). About the ministry. <https://msme.gov.in/about-us/about-us-ministry>
6. Mittal, M. (2025). Understanding Indian MSME sector: Progress and challenges. SIDBI.
https://www.sidbi.in/uploads/Understanding_Indian_MSME_sector_Progress_and_Challenges_13_05_25_Final.pdf
7. Press Information Bureau. (2026). Press release.
<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2164904®=3&lang=2>
8. Press Information Bureau. (2022). India signs 13 regional agreements.
[https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=1843902®=3&lang=2#:~:text=India%20has%20signed%2013%20Regional,\(SAARC\)Mauritius%2C%20United%20Arab%20Emirates%2C%20Australia](https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=1843902®=3&lang=2#:~:text=India%20has%20signed%2013%20Regional,(SAARC)Mauritius%2C%20United%20Arab%20Emirates%2C%20Australia)
9. Press Information Bureau. (2025). GST reforms for a new generation: Lighter on the pocket, brighter for the future. <https://www.pib.gov.in/FactsheetDetails.aspx?Id=150302®=3&lang=2>
10. Mynd Solutions. (2026). GST compliance 2026: Critical mistakes Indian businesses must avoid.
<https://www.myndsolution.com/navigating-the-nuances-of-gst-essential-mistakes-indian-businesses-must-avoid-for-seamless-compliance/>
11. Mishra, A. (2018). Tax system in India from Chanakya to Arun Jaitley. International Journal of Creative Research Thoughts, 6(1). <https://ijcrt.org>
12. Singh, R. (2025, October 9). Chanakya: The less studied genius of statecraft. VIF India.
<https://www.vifindia.org/article/2025/october/09/Chanakya-The-Less-Studied-Genius-of-Statecraft>
13. Panwar, N. S. (2024). Chanakya's economic doctrine: Insights from the Arthashastra. International Journal for Multidisciplinary Research, 6(5). <https://www.ijfmr.com/papers/2024/5/27364.pdf>
14. Rangarajan, L. N. (1992). Kautilya: The Arthashastra. Kolkata: Penguin Books India Ltd.

15. Prasad, P. (2024). The Arthashastra: A forgotten inheritance. Economics and Policy. <https://ecosocsrcc.com/the-arthashastra-a-forgotten-inheritance/>
16. Mishra, S. (2023). The relevance of Chanakya's teachings in the modern era. Times of India Blogs. <https://timesofindia.indiatimes.com/readersblog/law-and-corporates/the-relevance-of-chanakyas-teachings-in-the-modern-era-49928/>
17. Panday, S. R. (2018). Exploring Chanakya's relevance in modern economic spheres: With respect to his ideas on tax and the role of the state. International Journal of Creative Research Thoughts, 6(1), 392. <https://ijcrt.org>.
18. Press Information Bureau. (2025). GST reforms for a new generation: Lighter on the pocket, brighter for the future. <https://www.pib.gov.in/FactsheetDetails.aspx?Id=150302®=3&lang=2>.
19. Paramasivam, P., Rangasamy, V., & Elango, R. (2026). GST Collection in India (2017–2026): An Empirical Study of Fiscal Federalism and Revenue Performance. *Asian Journal of Economics, Business and Accounting*, 26(4), 354–362. <https://doi.org/10.9734/ajebe/2026/v26i42243>.
