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A STUDY ON GST 2.0 IN WEST BENGAL

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ABSTRACT:

Goods and Services tax (GST) was implemented in 2017. GST brought significant changes in indirect tax structure. GST 2.0 was introduced in 2025. GST 2.0 is more consumer centric than GST 1.0. GST 2.0 has positive impact on various sectors. GST 1.0 was based on multi slab structure, i.e. 0%, 5%, 12%, 18%, 28%. GST 2.0 slabs are 0%, 5%, 18%, 40%. Under GST 2.0, 5% rate applicable to essential goods, 18% rate applicable to standard goods, 40% rate applicable to luxury and sin goods. Many life saving drugs are exempted from tax under GST 2.0. Life and health insurance premiums are exempted from tax under GST 2.0. The purchasing capacity of consumers has enhanced due to lower rates of GST 2.0. The study is based on both primary data and secondary data. Primary data has been collected from West Bengal. Secondary data has been collected from journal articles. In this paper, an attempt has been made to find out the different aspects of GST 2.0.

KEYWORDS:

GST, GST 2.0, TAX, RATE, GOODS.

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I. INTRODUCTION

Goods and Services Tax (GST) was implemented in 2017. GST 1.0 was based on multi slab tax rates i.e. 0%, 5%, 12%, 18% and 28%. GST brought significant changes in indirect tax structure. GST replaced several central and state taxes to simplify indirect tax system. GST council in its 56th meeting approved GST 2.0. GST 2.0 was implemented in 2025. GST 2.0 includes the slabs of 0%, 5%, 18% and 40%. Many essential goods, life saving drugs, life and health insurance premiums are exempted from tax under GST 2.0. As per GST 2.0, 5% rate applicable to essential goods, 18% rate applicable to standard goods, 40% rate applicable to luxury and sin goods. GST 2.0 enhanced the growth of economy by restricting indirect tax system. Farmers, small entrepreneurs are highly benefitted from GST 2.0. GST 2.0 has enhanced the ease of doing business. The purchasing capacity of consumers has increased due to lower rates of GST 2.0. The objective of the study is to find out different aspects of GST 2.0.

II. LITERATURE REVIEW

GST introduced in 2017 to replace several indirect taxes. GST contributed to improve the economy through unified and destination based consumption tax. GST 2.0 was introduced to resolve structural issues such as multiple rate slabs, complication in compliance, delay in refunds, difficulties in administration. GST 2.0 improves tax rate structure and digital integration. GST 2.0 improves refund and reconciliation system. GST 2.0 was enacted by the GST council and Central Board of Indirect Taxes and Customers in 2025 (Nirmala Kumari, 2025). GST was introduced in 2017 with multi slab rate of 0%, 5%, 12%, 18% and 28%. Policy analysts, business organizations and consumers have pointed several drawbacks in the tax structure. GST 2.0 was introduced in 2025 to simplify the tax structure. GST council approved GST 2.0 in its 56th meeting. GST 2.0 was implemented on September 22, 2025. 40% rate has been introduced for luxury and sin goods in GST 2.0. Complete exemptions have been applied for many essential goods, life saving medicines, health insurance etc. The lower prices of essential goods increase the purchasing power of consumers. Lower rates of GST 2.0 on essential goods enhance the demand of the consumers. GST 2.0 is based on tax rates of 5%, 18% and 40% . The rate on many items like daily goods, insurance, FMCG etc. have been reduced (Bhardwaj, 2025). GST comprises of Central Goods and Services Tax, State Goods and Services Tax, Integrated Goods and Services Tax. GST reduce the number of indirect taxes. Manufacturing cost of many goods will be reduced due to GST and as a result, the prices of many goods will be reduced. GST has negative impact on real estate sector. Several services such as banking, telecom, airline will become expensive due to GST. GST has negative impact on online shopping. Pharmaceutical and healthcare industry may get benefit from the implementation of GST. FMCG industry may be benefitted from GST. Agriculture sector contribute most to the GDP of India. The impact of GST on agriculture sector will be positive (Yadav, 2023). Implementation of GST is very significant in post independence fiscal policy of India. GST is based on the concept of one nation, one tax. GST subsume several central and state indirect taxes such as VAT, excise duty, service tax. The main objectives of GST is to simplify tax structure and increase the ease of doing business. Initially GST was based on four main slabs i.e. 5%, 12%, 18% and 28%. Initial structure of GST improved the economy of the country over the pre-GST era. Business organizations were facing difficulties due to multiple rates of GST. GST 2.0 was implemented to simplify the indirect tax structure (Jaimol and George, 2025). GST reduce several indirect taxes such as excise duty, service tax, VAT, sales tax, etc. GST is the most significant tax reform in India which is based on one nation, one market, one tax. GST includes Central GST (CGST), State GST (SGST) and Integrated GST (IGST). GST is based on various rate slabs such as 0%, 5%, 12%, 18% and 28%. GST council should arrange awareness programme for customer. Introduction of GST has enhanced the price of goods and services according to the opinion of customers. Ministry of Finance and GST Council should conduct study among customers to make GST more effective for the customers (Vengatesan, 2022). Prior to the implementation of GST, the tax structure of India was comprises with several indirect taxes such as customer duty, excise duty, service tax, VAT, central sales tax. GST was implemented to simplify the tax structure and to develop the economy. Before the implementation of GST, the tax system was based on tax on tax but the aim of GST is one nation, one tax. The Bill of GST was passed in Rajya Sabha in August, 2016. GST was implemented in 2017. GST has four components such as Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST), Union Territory Goods and Services Tax (UTGST) and Integrated Goods and Services Tax (IGST). Prior to the implementation of GST 2.0, GST was based on five main slabs i.e. 0%, 5%, 12%, 18% and 28% (Lekha Prasath, 2026). GST was the most vital tax reform after independence of India. The aim of GST was one nation, one tax. GST was based on five rates, i.e. 0%, 5%, 12%, 18% and 28%. GST council in its 56th meeting approved GST 2.0. GST has very positive impact on micro, small and medium enterprises. GST is a consumer friendly tax system. GST removes multiple taxes and enhance compliance. The number of registered tax payers has increased significantly. Tax rates are decreased on many essential goods under GST 2.0. The purchasing power of consumers on daily items has enhanced due to lower tax rates (Sharma and Bansal, 2026). GST was implemented in 2017 to replace various Central and State indirect taxes such as VAT, excise duty and service tax. Implementation of GST was the most significant economic reforms. GST was based on multiple slab structure, i.e. 0%, 5%, 12%, 18%, 28%. The GST council approved GST 2.0 in 2025 to simplify tax structure. GST was introduced on the basis of the constitution (One Hundred and First Amendment) Act, 2016. GST comprises of Central Goods and Services Tax Act, 2017; State Goods and Services Tax Act, 2017; Integrated Goods and Services Tax Act, 2017; Union Territory Goods and Services Act, 2017. GST 2.0 based on mainly two slabs of 5% and 18%. Additionally, 40% rate applicable for luxury and sin goods (Purshpa, 2025). GST 2.0 is more effective than first GST cycle. GST 2.0 has remarkable impact on banking sector. GST 2.0 brought significant changes to compliance and digitization (Sunil and Devarajappa, 2025). GST was implemented to subsume several taxes such as excise duty, service tax, customers duty, entertainment tax, luxury tax, sales tax, purchase tax etc. GST brought significant impact on economy of India by changing the old tax system into IT based indirect taxation systems. GST tracks transaction through GSTN to detect black money. The aim of GST is one nation one tax. GST is a unified indirect tax system which subsumed several indirect tax of Central and State Government such as service tax, VAT, customers duty etc. (Sinha and Shrivastava, 2021). GST 2.0 has mixed level of influence on consumption behavior of middle income households. GST 2.0 brought remarkable changes in price of essential items. Customers become more aware about the prices of goods after the introduction of GST 2.0. GST 2.0 has significant influence on consumers trust due to transparent billing (Shanbhogue et al., 2025). High compliance cost of GST affected small and medium sized enterprises. GST has varied effects on various sectors. GST has enhanced job opportunities in industries like e-commerce, logistics, supply chain management. GST has positive impact on online shopping, IT, automobiles. GST has increased tax compliance and reduced tax evasion. The tax revenues for the government has increased due to GST. GST has positive impact on IT Sector, automobile sector, pharmaceutical sector. GST has negative impact on FMCG Sector, textile sector (Ainapur and Ainapur, 2025). GST replace various state and central taxes such as excise duty, VAT, state taxes, entertainment tax, central surcharges, luxury tax. The aim of GST is to create unified tax systems. GST was implemented in 2017 which comprises of Central Goods and Services Tax, State Goods and Services Tax, Integrated Goods and Services Tax, Union Territory Goods and Services Tax. GST 2.0 enhance ease of doing business for small entrepreneurs. GST 2.0 provide benefit to farmers, youth, women, MSMEs and the middle class (Govindasamy and Srinidhi, 2025). GST council in its 56th meeting decided to implement GST 2.0 to simplify the tax structure. Earlier GST was based on five slab but GST 2.0 is based on two slab of 5% and 18% with a higher 40%. Slab for luxury and sin goods. Some life saving medicines and essential goods are tax exempted under GST 2.0. Health and life insurance premiums are tax exempted under GST 2.0. Higher taxes on non essential items and luxury goods play vital role to maintain fiscal balance (Ganesh, 2025). GST was introduced in 2017 to replace multiple central and state taxes such as services tax, value added tax, luxury tax, entry tax. The aim of GST was to create unified national market. GST 2.0 emphasize on Invoice Management System. GST 2.0 emphasize on judicial resolution by the GST Appellate Tribunal. GST has enhanced ease of doing business (Pandey et al., 2026). The ideology of GST is one nation, one tax. GST focus on online procedures to enhance ease of doing business (Deepaware and Dwivedi, 2022). GST 2.0 has positive impact on agriculture sector. GST 2.0 support the development of automobile sector. Nonstop monitoring is required for proper implementation of GST 2.0 (Uttam Sagar, 2025).

III. METHODOLOGY AND DATA ANALYSIS

The study is based on both primary data and secondary data. Primary data has been collected from West Bengal. The sample size of the study is two Hundred. 67% of the respondents are male and 33% of the respondents are female. 19% of the respondents are between the age of 20 years to 30 years. 31% of the respondents are between the age of 31 years to 40 years. 27% of the respondents are between the age of 41 years to 50 years. 15% of the respondents are between the age of 51 years to 60 years. 8% of the respondents are above the age of 60 years. 28% of the respondents have studied upto class twelve. 63% of the respondents are graduates. 9% of the respondents are post graduates. 41% of the respondents are service holders. 37% of the respondents are businessmen.

Life and health insurance premiums are exempted from tax under GST 2.0. 89% of the respondents agree that GST 2.0 support the development of insurance sector. GST 2.0 has simplified the indirect tax system. 74% of the respondents agree that GST 2.0 has simplified the indirect tax structure. GST 2.0 is based on digitization more than GST 1.0. 81% of the respondents agree that GST 2.0 is based on digitization more than GST 1.0. Small traders face difficulties to comply with GST 2.0. 68% of the respondents agree that small traders suffer to comply with GST 2.0. Lower rates of GST 2.0 has increased the demand of essential goods as the purchasing capacity of consumers has increased due to lower prices of essential goods. 88% of the respondents agree that the demand of essential goods has increased due to lower rates of GST 2.0. GST 2.0 is more consumer oriented than GST 1.0. 78% of the respondents agree that GST 2.0 is more consumer oriented than GST 1.0. Appropriate implementation of GST 2.0 requires proper training of both businessmen and tax officials on GST 2.0 rules and regulations. 62% of the respondents agree that businessmen and tax official requires proper training on GST 2.0. The rates on solar cookers and solar water heaters under GST 2.0 is 5% which was 12% under GST 1.0. 93% of the respondents agree that GST 2.0 has positive impact on renewable energy sector. In education sector, the rates of GST 1.0 on exercise book and pencil was 12% which is totally tax free under GST 2.0. 88% of the respondents agree that GST 2.0 has positive impact on education sector. The rate of sewing thread under GST 2.0 is 5% which was 12% under GST 1.0. 66% of the respondents agree that GST 2.0 has positive impact on textile sector. In agriculture sector, the rates on many items as per GST 2.0 are lower than GST 1.0. 75% of the respondents agree that GST 2.0 has positive impact on agriculture sector.

IV. CONCLUSION

GST 2.0 is more effective than GST 1.0. GST 2.0 simplified the indirect tax structure for the benefit of the consumers. GST 2.0 is based on digitization more than the first cycle of GST. Small businessmen and farmers face difficulties to understand the rules and regulations of GST 2.0. Seminars and workshops should be arranged by the government for both businessmen and tax officials for proper implementation of GST 2.0. The demand of essential goods has increased due to lower rates of GST 2.0. GST 2.0 has enhanced the purchasing capacity of consumers by reducing the rates on various goods. GST 2.0 has positive impact on insurance sector, renewable energy sector, education sector, textile sector, agriculture sector. GST 2.0 is more consumer oriented than first cycle of GST. GST2.0 has increased the ease of doing business. GST 2.0 has significant effect on the economic growth of the country. Proper monitoring by the government is required for appropriate implementation of GST 2.0. GST 2.0 has remarkable effect on the economy of India.

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