

## Goods and Services Tax: A Study with Special Reference to Kolkata City

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### ABSTRACT

Goods and Services Tax was implemented to replace several central and state taxes. GST 2.0 simplified the indirect tax structure more than GST 1.0. 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%. GST 2.0 has reduced rates on many items to enhance the economic growth of India. GST 2.0 has significant impact on several sectors, such as insurance sector, health sector, leather sector handicraft sector, education sector. Small businesses face difficulties to comply with rules and regulations of GST. GST 2.0 emphasize on digitization more than GST 1.0. GST 2.0 is more consumer oriented than GST 1.0. The study is based on primary data and secondary data. Primary data has been collected from Kolkata city in West Bengal. New GST reforms is consumer friendly as the rates have been reduced for the benefit of the consumers. In this paper, an attempt has been made to find out various aspects of GST.

**Keywords:** GST, GST 2.0, Tax, Indirect Tax, Rate.

### Introduction

Goods and services tax was introduced in 2017. GST 2.0 implemented in 2025 after the approval of GST council. 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%. Under GST 2.0, 5% slab is applicable to essential goods, agriculture items, health care products etc. 18% slab is applicable to television, air conditioners, refrigerators, commercial vehicles, small cars, cement etc. 40% slab is applied to luxury and sin goods, such as tobacco, pan masala, luxury vehicles, aerated drinks, energy drinks online gambling etc. GST 2.0 plays vital role to enhance the ease of doing business. GST 2.0 has immense impact on the consumption pattern as the rates are reduced in comparison to GST 1.0. The main objective of GST 2.0 is to develop the economic growth of the country. GST 2.0 is more simplified indirect tax system than GST 1.0. Life insurance and health insurance premiums are exempted from tax under GST 2.0. GST 2.0 supports the development of small businesses. The objective of the study is to find out various aspects of GST.

### Literature Review

GST in 2017 brought significant changes in indirect tax system in India. GST 2.0 emphasized on digitization more than first GST cycle to make indirect tax structure effective. The impact of GST on banking sector is very significant which includes opportunities and challenges. GST 2.0 has immense impact on financial institutions. GST 2.0 emphasize on e-invoicing which has immense impact on banking sector (Sunil and Devarajappa, 2025). The role of GST is vital towards fiscal reforms. The objective of GST is to unify the indirect tax structure. GST reforms have both direct and indirect effect on businesses and consumers. GST reforms have immense effect on consumption behavior. GST 2.0

has significant influence on budgeting patterns and spending priorities. GST 2.0 has significant effects on compliance mechanisms and e-invoicing system (Shanbhogue et al., 2025). GST was introduced in 2017 with multi slabs i.e. 0%, 5%, 12%, 18%, 28%. GST 2.0 emphasize to modify the indirect tax system by rationalizing rates. GST 2.0 is based on three slabs i.e. 5%, 18% and 40%. 40% rate is applicable to luxury and sin goods. New tax reforms is beneficial for several sectors like consumer electronics, cement, construction raw materials. GST 2.0 has given complete exemption to several goods such as fast moving consumer goods, life saving drugs, health insurance policies. Lower rates on essential goods under GST 2.0 provide benefits to consumers specially for middle and lower income groups (Bhardwaj, 2025). GST was recommended by Kelkar Committee in India. Article 246A and Article 279A of the constitution of India empowered the union and states to levy GST. GST was introduced in 2017 to replace several central and state indirect taxes like VAT, service tax, excise duty. GST was introduced in 2017 with multiple slab of 0%, 5%, 12%, 18%, 28%. GST 2.0 introduces modified tax system with lower rates on essential goods. GST 2.0 lessen the burden of small enterprises and enhance ease of doing business. The main functions of GST council are to determine the rates on goods, deciding exemptions for essential goods. The new reforms emphasizes on automated compliance system and e-invoicing. The objective of GST 2.0 is to simplify the indirect tax structure (Pushpa, 2025). GST replaced several central and state taxes such as excise duty, service tax, customers duty, entry tax, luxury tax, sales tax, entertainment tax etc. GST was implemented in 2017 to change the economy of India by simplifying the indirect tax system. GST has virtual impact on business process. The objective of GST is to make one nation one tax. GST is a unified indirect tax which subsumed several indirect taxes of central and state government. GST was introduced in 2017 with four slabs i.e. 5%, 12%, 18%, 28% (Sinha and Shrivastava, 2021). GST was introduced in 2017 with four slabs i.e. 5%, 12%, 18%, 28% to subsume various central and state indirect taxes. GST has immense impact on businesses, specially on MSMEs. GST 2.0 is based on 5% merit rate, 18% standard rate, 40% rate on luxury and sin goods. 40% rate is applicable for tobacco products, luxury goods, pan masala, high end automobiles. GST 2.0 enhance the demand of consumers which boost the economy. GST 2.0 has immense impact on consumers as the tax burden is less on consumers due to the lower rates on wide range of products i.e. from essential goods to small cars. GST 2.0 has reduced compliance costs and enhanced the ease of doing business. GST has significant impact on fast moving consumer goods, construction sector, tourism sector, textiles sector (Jaimol and George, 2025). The introduction of GST is very important in the taxation history of India. GST has significant impact on IT Sector, FMCG Sector, online shopping sector, automobile sector. GST has significant impact on small scale enterprises. The introduction of GST has remarkable influence on employment and investment. GST has significant impact on GDP Growth rate of India. Tax revenues of the government has increased due to GST whereas tax evasion has reduced significantly. GST has reduced compliance costs for businesses by modifying the tax structure. GST has increased employment opportunities in logistics and supply chain management industries whereas employment opportunities has decreased in small manufacturing and textiles industries (Ainapur and Ainapur, 2025). The implementation of GST in 2017 in India, replaced various central and state taxes such as service tax, value added tax, entry tax, luxury tax etc. The objective of GST is to create unified national market. GST simplified indirect tax structure by subsuming multiple indirect taxes. GST 2.0 emphasizes on upgradation of technology, rationalization of rates. GST 2.0 emphasize on GST Appellate Tribunal for judicial resolution. GST was introduced in 2017 which comprises of Central GST, State GST and Integrated GST. The implementation of GST initially faced several challenges such as technical difficulties of GST portal, compliance timelines. GST has significant impact on MSMEs (Pandey et al., 2026). GST is the most effective indirect tax reform since independence of the country. GST is the backbone of indirect tax system of India. GST emphasizes on digital platforms and rationalization of rates. The GST council approved next generation GST reforms in its 56<sup>th</sup> meeting. The objective of GST 2.0 is to reduce the tax burden of common people. GST 2.0 emphasize on long term growth by providing benefit to MSMEs, farmers, women, youth, middle class group. GST council approved GST 2.0 which is based on three slabs of 5%, 18% and 40%. 40% rate is applicable for luxury goods. GST reform provides lower rates on essential items. GST supports the development of MSMEs. GST ensure economic growth by lowering tax rates on many items (Govindasamy and Srinidhi, 2025). GST council approved GST 2.0 which is based on three slabs i.e. 5%, 18% and 40%. The objectives of GST 2.0 are to enhance simplicity and efficiency in taxation structure. As per GST 2.0, many essential goods are exempted from tax. Life and health insurance premiums are exempted from tax. GST 2.0 enhance the ease of doing business by reducing compliance costs and complexities in tax structure. GST 2.0

supports economic development by reducing rates on essential goods. GST 2.0 has significant impact on pharmaceuticals, insurance, textiles, automobiles, agriculture, consumer durables (Ganesh, 2025). GST has significant impact on various sectors such as agricultural sector, textile sector, manufacturing sector, automobile sector, education sector, real estate sector, banking sector, energy sector. The objective of GST is to attain one nation, one tax ideology. GST subsume various indirect taxes to simplify the indirect tax structure in India (Deepaware and Dwivedi, 2022). GST 2.0 has significant impact on various sectors such as consumer durables, automobiles, real estate, fast moving consumer goods. GST 2.0 improves the purchasing capacity of consumers by lowering the rates on essential goods. 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% (Uttamsagar, 2025).

### **Methodology and Data Analysis**

The study is based on primary data and secondary data. Primary data has been collected from Kolkata city in West Bengal. The sample size of the study is one hundred. 62% of the respondents are male and 38% of the respondents are female. 28% of the respondents are between the age of 21 years to 30 years. 39% of the respondents are between the age of 31 years to 40 years. 22% of the respondents are between the age of 41 years to 50 years. 7% of the respondents are between the age of 51 years to 60 years. 4% of the respondents are above 60 years of age. 21% of the respondents have studied upto class twelve. 67% of the respondents are graduates. 12% of the respondents are post graduates.

GST has immense influence on both consumers and business organizations. GST has simplified the indirect tax structure. 89% of the respondents agree that GST has simplified the indirect tax system. GST 2.0 is more consumer oriented than GST 1.0. GST 2.0 has more impact on consumers than GST 1.0. 74% of the respondents agree consumers are benefited from that GST 2.0 more than GST 1.0. Life insurance and health insurance premiums are exempted from tax under GST 2.0. 92% of the respondents agree that GST 2.0 has positive impact on insurance sector. Many life saving drugs are fully exempted under GST 2.0. The rates on many medicines have reduced in GST 2.0 in comparison to GST 1.0. 63% of the respondents agree that GST 2.0 has positive impact on health sector. The purchasing capacity of consumers has increased due to the lower rates of GST 2.0. The consumers are highly benefited from GST 2.0. 71% of the respondents agree that consumers are more benefited from GST 2.0 than GST 1.0. 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%. 81% of the respondents agree that GST 2.0 is more effective than GST 1.0. In leather sector, the rates are reduced in GST 2.0 in comparison to GST 1.0. 58% of the respondents agree that GST 2.0 supports the development of leather sector. The consumption pattern has been changed in urban areas due to new GST reforms. The purchasing power of consumers has increased due to the lower rates of GST 2.0. 86% of the respondents agree that the purchasing power has enhanced in urban areas due to the lower rates of GST 2.0. Handicraft sector is highly benefited from GST 2.0 as the rates on many items are reduced in handicraft sector in comparison to GST 1.0. 64% of the respondents have agreed that GST 2.0 has positive impact on handicraft sector. The price of many items in education sector has reduced due to the lower rates of GST 2.0 in comparison to GST 1.0. 88% of the respondents agree that GST 2.0 has positive impact on education sector.

### **Conclusion**

GST simplified indirect tax structure by replacing various central and state taxes. GST 2.0 increased the ease of doing business. GST 2.0 emphasizes on digitization more in comparison to GST 1.0. Small business enterprises face difficulties to comply with rules and regulations of GST. Necessary steps should be taken for proper implementation of GST 2.0. Seminars and workshops should be arranged for small business entrepreneurs of urban areas. Tax officials need appropriate training to implement GST 2.0 properly. GST 2.0 has positive impact on insurance sector, health sector, leather sector, handicraft sector, education sector. GST 2.0 has enhanced the purchasing capacity of the consumers in urban areas. New GST reforms emphasize on digitization to enhance the economic growth. Consumers are highly benefited from GST 2.0 due to the lower rates on essential goods. GST 2.0 has enhanced the consumption capacity of common people.

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