

# **GST and its Role in India's Fiscal Consolidation**

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**Abstract:** *Goods and Services Tax (GST) has emerged as a pivotal element in India's fiscal consolidation efforts. This tax reform, introduced in July 2017, replaced a complex web of indirect taxes with a unified and streamlined tax structure. GST's role in India's fiscal consolidation is multifaceted, encompassing revenue generation, enhanced compliance, and economic integration. This abstract explores the impact of GST on India's fiscal landscape, examining how it has contributed to revenue growth, reduced tax evasion, and fostered economic cohesion, thus playing a vital role in the country's fiscal consolidation strategy. GST was planned to be implemented in April 2010, but was postponed due to political issues and conflicting interest of stakeholders. The primary objective behind development of GST is to subsume all sorts of indirect taxes in India like Central Excise Tax, VAT/Sales Tax, Service tax, etc. and implement one taxation system in India. The GST based taxation system brings more transparency in taxation system and increases GDP rate from 1% to 2% and reduces tax theft and corruption in country. The paper highlighted the background of the taxation system, the GST concept along with significant working, comparison of Indian GST taxation system rates with other world economies, and also presented in-depth coverage regarding advantages to various sectors of the Indian economy after levying GST and outlined some challenges of GST implementation.*

**Keywords:** GST, Economy, Taxation, Fiscal Consolidation, Revenue