

# One Nation, One Tax and Ease of Doing Business: Evaluating the Impact of GST Reforms in India

Mr. Atul Gupta<sup>1</sup>, Dr. Harsh Dev Verma<sup>2</sup>

<sup>1</sup>Research Scholar, Department of Business Administration, Deen Dayal Upadhyaya Gorakhpur University, Gorakhpur

<sup>2</sup>Assistant Professor, Department of Commerce, Deen Dayal Upadhyaya Gorakhpur University, Gorakhpur

DOI: <https://doi.org/10.51244/IJRSI.2026.1303000127>

Received: 20 March 2026; Accepted: 26 March 2026; Published: 08 April 2026

## ABSTRACT

The Goods and Services Tax (GST) was introduced in India with the objective of creating a unified indirect tax system under the concept of “One Nation, One Tax.” This reform aimed to remove multiple taxes, simplify compliance procedures, and improve the overall business environment. The present study examines the role of GST reforms in improving Ease of Doing Business in India using secondary data. The study is based on indicators such as Ease of Doing Business rankings, tax compliance requirements, GST registrations, and revenue trends during the pre- and post-GST period. Data have been collected from reliable secondary sources including World Bank reports, GST Council publications, Ministry of Finance reports, and RBI annual reports. Trend analysis and graphical tools have been used to analyze changes over time. The findings of the study suggest that GST has contributed to improved tax transparency, increased digital compliance, and gradual simplification of business procedures.

However, challenges related to compliance complexity and system adaptation, particularly for small businesses, are also observed. The study concludes that GST reforms have positively influenced Ease of Doing Business in India, though continuous reforms and simplification measures are necessary to strengthen their long-term impact.

**Keywords:** Goods and Services Tax, Ease of Doing Business, One Nation One Tax, Tax Reforms, Business Environment

## INTRODUCTION

Taxation is a crucial tool used by governments to support economic development and regulate business activities. A well-structured and efficient tax system helps in reducing the cost of compliance, promotes transparency, and creates a favourable environment for businesses to operate and grow. Before the introduction of the Goods and Services Tax (GST), India followed a highly complex and fragmented indirect tax structure. Multiple taxes such as excise duty, service tax, value added tax, and entry taxes were imposed by different levels of government. This system led to the cascading effect of taxes, higher operational costs, procedural delays, and compliance difficulties for businesses. Differences in tax laws and rates across states further increased the administrative burden, particularly for small and medium enterprises, and adversely affected the ease of doing business in the country.

To address these challenges, the Government of India introduced the Goods and Services Tax in July 2017 under the principle of “One Nation, One Tax.” The primary objective of GST was to integrate various indirect taxes into a single tax framework and create a unified national market. GST introduced a destination-based tax system supported by a digital compliance mechanism that requires businesses to register, file returns, and make tax payments online. This digital system was designed to enhance transparency, reduce manual intervention, and simplify tax administration. By standardising tax procedures and minimising inter-state barriers, GST was expected to improve operational efficiency and encourage business formalisation.

Ease of Doing Business has emerged as an important indicator for measuring a country's regulatory efficiency and investment attractiveness. Tax compliance is a key component of this indicator, as complex procedures and regulatory uncertainty can discourage entrepreneurship and business expansion. Several years after the implementation of GST, sufficient secondary data is available to evaluate its impact on Ease of Doing Business in India. Changes in Ease of Doing Business indicators, trends in GST registrations, and revenue performance provide valuable insights into the effectiveness of GST reforms. In this context, the present study aims to evaluate the role of GST in improving Ease of Doing Business in India and to assess whether the objective of "One Nation, One Tax" has contributed to creating a more efficient and business-friendly tax system.

## REVIEW OF LITERATURE

### GST as a Structural Reform in India's Indirect Tax System

- Kelkar (2016) explained that the introduction of GST aimed to address the inefficiencies of India's fragmented indirect tax system by subsuming multiple central and state taxes into a unified structure. The study emphasized that tax uniformity is essential for reducing cascading effects and improving economic efficiency.
- Mukherjee (2018) highlighted that GST represents a significant shift toward creating a common national market. The study noted that uniform tax rates and standardized procedures under GST reduced inter-state tax barriers and supported smoother movement of goods and services.

### Concept of "One Nation, One Tax" and Market Integration

- Rao (2017) analyzed the concept of "One Nation, One Tax" and observed that GST strengthened market integration by removing tax-induced distortions across states. The study emphasized that a unified tax regime supports ease of trade and business operations.
- Shah (2019) pointed out that the elimination of multiple indirect taxes under GST improved price transparency and reduced logistical inefficiencies, thereby supporting a more integrated domestic market.

### GST and Digital Tax Compliance

- Ahmad (2017) examined the role of digital tax systems and found that online registration, electronic return filing, and digital payment mechanisms under GST improved compliance efficiency and reduced procedural delays.
- Sharma (2021) observed that the expansion of GST registrations after implementation reflects increased business formalization, largely driven by digital compliance requirements and simplified registration procedures.

### GST Reforms and Ease of Doing Business Indicators

- Mukherjee (2019) studied the relationship between tax reforms and Ease of Doing Business indicators and noted that tax compliance parameters play a crucial role in determining a country's ranking, particularly under the "Paying Taxes" component.
- Gupta (2022) found that procedural simplification and reduced compliance time under GST contributed positively to India's regulatory efficiency, thereby supporting improvements in Ease of Doing Business performance.

### Impact of GST on Business Environment and MSMEs

- Kumar and Singh (2019) analyzed the impact of GST on micro, small, and medium enterprises and reported that while GST simplified the overall tax structure, initial compliance complexity and frequent procedural changes created challenges for smaller firms.
- Rao (2020) emphasized that GST should be viewed as an evolving reform. The study suggested that continuous simplification, system upgrades, and stakeholder support are necessary to improve the business environment and ensure inclusive benefits.

## GST as an Evolving Reform and Policy Perspective

- Mehta (2021) highlighted that GST outcomes depend on continuous policy refinement rather than one-time implementation. The study stressed the importance of administrative responsiveness and stakeholder engagement for long-term success.
- Verma (2022) concluded that sustained improvements in Ease of Doing Business require further rationalization of GST procedures and stable compliance frameworks, particularly for smaller businesses.

## Research Gap

A review of existing literature indicates that the Goods and Services Tax has been extensively studied as a major reform in India's indirect tax system. However, there are still certain areas that require deeper examination, particularly in relation to Ease of Doing Business. Most studies focus on individual aspects of GST such as tax structure, compliance, or revenue performance, without providing a comprehensive understanding of its broader impact on the business environment.

In this context, a few important gaps can be identified:

- (i) Limited integration of GST with Ease of Doing Business indicators, as existing studies rarely combine tax reforms with regulatory efficiency measures;
- (ii) Lack of pre- and post-GST comparative analysis, which restricts the ability to assess the actual improvement in the business environment;
- (iii) Inadequate use of multiple secondary data indicators, as most research relies on single variables instead of combining indicators like rankings, registrations, and revenue trends; and
- (iv) Limited empirical evaluation of the "One Nation, One Tax" concept, which is often discussed theoretically but not examined in relation to practical business outcomes.

These gaps highlight the need for a comprehensive and data-driven study that evaluates the combined impact of GST reforms on Ease of Doing Business in India under the framework of "One Nation, One Tax."

## Objectives of the Study

- To understand how GST has helped in creating a unified indirect tax system in India.
- To examine the impact of GST on Ease of Doing Business in the country.
- To compare the business environment before and after the implementation of GST.
- To study the changes in tax compliance and digital procedures under GST.
- To analyze the growth in GST registrations and revenue as indicators of business formalization.

## RESEARCH METHODOLOGY

The present study adopts a systematic approach to examine the impact of GST reforms on Ease of Doing Business in India. The methodology is based on secondary data and focuses on selected indicators to analyze changes in the business environment.

### Nature of the Study

- The study is descriptive and analytical in nature.

### Type and Sources of Data

- The study is based on secondary data.
- Data has been collected from sources such as:
  - a) World Bank reports
  - b) GST Council publications
  - c) Ministry of Finance reports
  - d) RBI annual reports

## Period of Study

- The study covers pre-GST and post-GST periods
- Pre-GST: Before 2017
- Post-GST: 2017 onwards

## Variables/Indicators Used

- Ease of Doing Business rankings
- GST registrations
- GST revenue trends

## Tools of Analysis

- Trend analysis
- Use of tables and graphs

## Data Analysis and Interpretation

The present section analyzes the impact of GST reforms on Ease of Doing Business in India using selected secondary data indicators. The analysis is based on trends observed in Ease of Doing Business rankings, GST revenue, GST registrations, and tax compliance structure.

## Impact on Ease of Doing Business

The implementation of GST has contributed to improvements in India's Ease of Doing Business performance. This can be understood through the following observations:

- There has been a noticeable improvement in India's global ranking over the years, particularly after the introduction of GST.
- The simplification of tax procedures has reduced the complexity involved in starting and operating a business.
- The integration of multiple taxes into a single system has improved regulatory efficiency.
- The digitalization of tax processes has reduced delays and increased transparency.

These changes indicate that GST has played a supportive role in enhancing the business environment.

Table 1: Ease of Doing Business Ranking of India

Year	Rank
2014	142
2016	130
2018	100
2020	63

Source: World Bank, Ease of Doing Business Reports (Various Years)

## Impact on GST Revenue and Tax Efficiency

GST revenue trends provide an indication of the efficiency of the tax system and the level of compliance among taxpayers. The analysis shows the following:

- GST revenue has generally shown an increasing trend over the years, indicating improved tax collection.
- The growth in revenue reflects better compliance and expansion of the tax base.
- Temporary fluctuations in revenue may be attributed to economic conditions rather than structural issues in GST.

This indicates that GST has contributed to improving the efficiency and reliability of tax collection in India.

Table 2: GST Revenue Collection (₹ Lakh Crore)

Year	Revenue
2018–19	11.77
2019–20	12.22
2020–21	11.37
2021–22	14.76
2022–23	18.08
2023–24	20.18
2024–25*	~21.50 (approx)

Source: Ministry of Finance; GST Council Reports

### Growth in GST Registrations and Business Formalization

The increase in GST registrations is an important indicator of business formalization and inclusion in the tax system. The analysis highlights:

- A steady rise in the number of registered taxpayers since the introduction of GST.
- Increased participation of businesses in the formal economy.
- Greater transparency in business transactions due to mandatory registration requirements.
- Expansion of the tax base, which supports long-term revenue growth.

These trends suggest that GST has encouraged businesses to adopt formal practices, thereby improving the overall business ecosystem.

Table 3: GST Registered Taxpayers in India (in Crore)

Year	Registrations
2017	0.65
2018	1.05
2019	1.20
2020	1.24
2021	1.30
2022	1.38
2023	1.40
2024	1.43
2025*	~1.45

Source: GST Council & RBI

### Changes in Tax Compliance and Digital Procedures

GST has significantly transformed the tax compliance system in India through digitalization. The key observations include:

- Replacement of multiple tax systems with a unified and structured framework.
- Shift from manual processes to online registration, return filing, and tax payment.
- Reduction in procedural delays and increased efficiency in compliance.
- Improved transparency and accountability in the tax system.

Although initial challenges were faced during implementation, the digital compliance system has gradually become more streamlined and user-friendly.

## Overall Impact on Business Environment

The combined effect of GST reforms on various aspects of the economy reflects its influence on the overall business environment. The analysis indicates:

- Simplification of tax structure has reduced operational complexity for businesses.
- Improved compliance systems have enhanced ease of conducting business activities.
- Increased transparency has strengthened trust in the tax system.
- The creation of a unified national market has facilitated smoother business operations across states.

Overall, GST has contributed positively to improving the ease of doing business in India, although continuous improvements are required to address existing challenges.

## Findings of the Study

- GST has helped in creating a more unified indirect tax system by replacing multiple taxes with a single framework across the country.
- The introduction of GST has contributed to an improvement in Ease of Doing Business by simplifying tax procedures and reducing regulatory complexity.
- A comparison of the pre-GST and post-GST periods shows that the business environment has become more structured and organized after the implementation of GST.
- The shift towards digital tax compliance under GST has improved transparency, reduced manual intervention, and made tax-related processes more efficient.
- The steady increase in GST registrations indicates a rise in business formalization and expansion of the tax base in India.
- Growth in GST revenue over the years reflects better tax compliance and improved efficiency of the tax administration system.
- Overall, GST reforms have had a positive impact on the business environment in India, although continuous improvements are required to address practical challenges.

## CONCLUSION

The introduction of the Goods and Services Tax (GST) marked a significant step toward reforming India's indirect tax system under the concept of "One Nation, One Tax." The study highlights that GST has contributed to simplifying the tax structure by replacing multiple taxes with a unified system, thereby reducing complexity for businesses. The shift towards a digital tax compliance system has further improved transparency, efficiency, and ease in tax-related procedures.

The analysis indicates that there has been a noticeable improvement in the business environment in India after the implementation of GST. Improvements in Ease of Doing Business indicators, along with growth in GST registrations and revenue, reflect better compliance and increased participation in the formal economy. These changes suggest that GST has played a supportive role in enhancing regulatory efficiency and promoting a more structured business framework.

However, the study also recognizes that GST is an evolving reform and certain challenges still exist, particularly in terms of compliance procedures and system adaptability for smaller businesses. Continuous policy improvements, simplification of procedures, and technological upgrades are necessary to ensure that the benefits of GST are realized more effectively across all sectors.

Overall, it can be concluded that GST has made a positive contribution toward improving Ease of Doing Business in India. While the long-term impact appears promising, sustained efforts are required to further strengthen the system and make it more accessible and efficient for all stakeholders.

## REFERENCES

1. Aggarwal, P. (2020). Goods and Services Tax and its impact on Indian economy. *International Journal of Research in Economics and Social Sciences*, 10(5), 120–128.
2. Bansal, R., & Gupta, M. (2018). GST in India: A key tax reform. *Journal of Business and Management*, 20(3), 45–50.
3. Chakraborty, P. (2019). Goods and Services Tax and its implications for federal fiscal relations in India. *Economic and Political Weekly*, 54(10), 34–42.
4. Goods and Services Tax Council. (2023). GST revenue and policy updates. Government of India.
5. Gupta, S. (2022). Impact of GST on ease of doing business in India. *Journal of Commerce and Accounting Research*, 11(1), 15–22.
6. Jain, A. (2017). An overview of Goods and Services Tax in India. *International Journal of Applied Research*, 3(1), 101–105.
7. Kumar, N. (2020). GST and digital transformation in tax administration. *International Journal of Management Studies*, 7(1), 60–66.
8. Kumar, S., & Singh, R. (2019). Impact of GST on small and medium enterprises in India. *International Journal of Management Studies*, 6(2), 45–52.
9. Ministry of Finance, Government of India. (2023). Annual report 2022–23. Government of India.
10. Ministry of Finance, Government of India. (2024). Annual report 2023–24. Government of India.
11. Nayyar, A., & Singh, I. (2018). A comprehensive analysis of Goods and Services Tax (GST) in India. *Indian Journal of Finance*, 12(2), 7–15.
12. Purohit, M. C. (2017). Goods and Services Tax in India: An overview. *Indian Journal of Public Finance*, 5(1), 1–10.
13. Rao, M. G. (2019). GST in India: Progress and challenges. *National Institute of Public Finance and Policy Working Paper*, 2019(267), 1–25.
14. Reserve Bank of India. (2023). Annual report 2022–23. RBI.
15. Reserve Bank of India. (2024). Annual report 2023–24. RBI.