7 - 9 August 2026 Stockholm , Sweden

To What Extent Has the Goods and Services Tax (GST) Benefitted the Bottom 50% Of Income Earners in India Between 2017 And 2025?

Ayontika Aniruddha Naha

Singapore International School, India

Abstract

The Goods and Services Tax (GST), an indirect tax introduced in India in 2017, has been one of the most significant fiscal policy reforms which marked a fundamental shift in India's economy. While the tax structure, in comparison to higher-income groups, tends to collect lesser taxes in absolute value from lower-income groups, it taxes a proportionately higher share of their income, making the relative tax burden high for the poor. These contrasting effects of the tax on the poor have led to debates regarding the GST's level of progressivity. Existing literature and studies by scholars tend to have diverging conclusions as they often focus on independent aspects of the GST's design rather than evaluating its larger, overall impact as a reform. Existing studies also tend to place a larger focus on the tax's burdens without sufficient analysis of its benefits in the form of redistribution. This paper incorporates a more holistic approach to examine the extent to which the GST benefitted the bottom 50% of income earners in India by synthesizing existing findings to identify and analyze gaps, conducting an analysis of India's level of marginal redistribution, and quantifying the net benefit felt by different deciles in India. The paper finds the GST shows mild progressivity as existing pro-GST studies have stronger arguments and methodology, India's level of redistribution can be considered sufficient, and the bottom 50% earn a positive net benefit.. However, the analysis shows that there are still multiple areas for improvement as the progressive effects of the GST are often weak, inconsistent, and insubstantial.

Keywords: Goods and Services Tax, GST, Indirect Taxation, India, Progressive, Regressive, Inequality, Burden, Benefit, Redistribution, Bottom 50%, Fiscal Policy