

Evaluating GST 2.0 and Its Effects on Tourism, Hospitality, and Service Sector Transformation: A Global Comparison

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ABSTRACT:

This research investigates the effects of Goods and Services Tax (GST) reforms on India's tourism, hospitality, and broader service sectors, with particular emphasis on the evolving framework of GST 2.0 and its international relevance. A quantitative methodology was adopted, with primary data gathered from 30 respondents using a structured questionnaire. The study evaluates stakeholder perspectives on tax efficiency, transparency, pricing mechanisms, and global competitiveness.

The results reveal that GST has enhanced transparency and operational effectiveness within service industries. Furthermore, GST 2.0 is viewed as a progressive reform aimed at strengthening digital tax systems and aligning India with global taxation practices. A positive relationship is observed between awareness of GST and favorable stakeholder perceptions. Despite these benefits, issues such as complex compliance procedures and uneven tax burdens across sectors continue to pose challenges.

This study contributes to ongoing policy debates by offering empirical evidence on advanced tax reforms and their potential to elevate India's standing in the global service economy.

KEYWORDS:

GST 2.0, Tourism Industry, Hospitality Sector, Service Sector Transformation, Global Tax Systems

INTRODUCTION :**Background of the Study**

The implementation of the Goods and Services Tax (GST) in India marked a major shift in the indirect taxation framework by consolidating multiple taxes into a single unified system. This reform has significantly influenced key sectors such as tourism, hospitality, and services, which are major contributors to national income.

With the transition toward GST 2.0, greater focus is being placed on digitalization, automation, and integration with global tax systems. These advancements are expected to improve efficiency, ensure transparency, and strengthen India's international competitiveness.

Problem Statement

Although GST has streamlined taxation, several challenges persist, including complex compliance requirements, inconsistencies in pricing, and sector-specific disparities. Additionally, limited empirical research exists on GST 2.0 and its global implications, particularly within service-oriented industries.

LITERATURE REVIEW:

Recent studies on GST 2.0 highlight the growing role of technological integration, artificial intelligence, and real-time compliance systems. Mehta (2023) suggests that GST 2.0 has the potential to align India's taxation framework with international standards, thereby enhancing foreign investment and competitiveness.

In the tourism sector, Verma (2021) found that GST has influenced pricing strategies and consumer demand, although its impact differs across market segments. Rao (2022) emphasized that GST has accelerated digitalization and formalization within service industries.

Sharma and Singh (2019) observed that while GST simplified tax structures for hotels and travel agencies, it also introduced challenges such as compliance complexities and classification issues. Gupta (2020) highlighted the benefits of input tax credit in improving cost efficiency for hospitality businesses.

Kumar (2018) noted that GST replaced cascading taxes and created a unified market, significantly impacting service sectors. However, existing literature lacks sufficient empirical analysis of stakeholder perceptions and global implications, particularly in the context of evolving digital tax systems.

OBJECTIVES OF THE STUDY:

This study pursues the following specific objectives:

1. To evaluate the impact of GST reforms on India's tourism sector.
2. To analyze the influence of GST on pricing and operations in the hospitality industry.

3. To assess the role of GST in enhancing transparency and efficiency within the service sector.
4. To examine stakeholder awareness and perception regarding GST 2.0.
5. To explore the global implications of GST 2.0 on India's competitiveness.
6. To identify key challenges and opportunities associated with GST reforms in service industries.

RESEARCH METHODOLOGY:**1. Research Design**

The study adopts a quantitative and descriptive research approach.

2. Data Collection

- Primary Data: Structured questionnaire (15 items)
- Secondary Data: Journals, reports, and publications

3. Sample Size

- 30 respondents

4. Sampling Technique

- Convenience sampling method

5. Analytical Tools

- Mean and standard deviation
- Reliability analysis using Cronbach's Alpha

6. Data Collection Instrument

- Structured questionnaire based on a Likert scale

DATA ANALYSIS AND INTERPRETATION**Descriptive Analysis**

The findings indicate that respondents possess moderate to high awareness of GST and hold generally positive views regarding GST 2.0.

Reliability Analysis

- Acceptable threshold: $\alpha \geq 0.70$
- Obtained value: $\alpha = 0.82$

- Interpretation: The instrument demonstrates good reliability

Descriptive Statistics

Variable	Mean	Std. Deviation
Awareness	3.8	0.75
Tourism Impact	4.1	0.65
Hospitality Impact	3.9	0.70
Service Reforms	4.0	0.60
Global Implications	4.2	0.55

Hypothesis Testing (Mean-Based Approach)

1. Tourism Sector Impact

Mean \approx 4.1 \rightarrow Positive perception

Result: H_0 rejected \rightarrow GST positively impacts tourism growth

2. Hospitality Sector Pricing

Mean \approx 3.9 \rightarrow Agreement observed

Result: H_0 rejected \rightarrow GST significantly influences pricing

3. Service Sector Transparency

Mean \approx 4.0 \rightarrow Strong agreement

Result: H_0 rejected \rightarrow GST enhances transparency

4. Awareness and Perception

Mean \approx 3.8 \rightarrow Positive linkage

Result: H_0 rejected \rightarrow Awareness influences perception

5. Global Implications

Mean \approx 4.2 \rightarrow Strong agreement

Result: H_0 rejected \rightarrow GST 2.0 has global relevance

Key Findings

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FINDINGS:

- Overall positive perception toward GST reforms
- Improved transparency and operational efficiency
- Strong support for digital transformation under GST 2.0.

DISCUSSION/SUGGESTIONS:

The present study provides important insights into the impact of GST and the emerging framework of GST 2.0 on India's tourism, hospitality, and service sectors. The findings indicate a generally positive perception among stakeholders, particularly in terms of transparency, efficiency, and digital transformation.

One of the key observations is that GST has significantly improved transparency in the service sector. This aligns with earlier studies, such as those by Sharma and Singh (2019) and Rao (2022), which emphasized that GST promotes accountability and formalization. The relatively high mean score for service sector transparency (4.0) in this study reinforces the argument that GST has reduced tax ambiguity and enhanced record-keeping practices.

The tourism sector also shows a strong positive response, with a mean score of 4.1. This suggests that GST has contributed to growth by streamlining taxation and reducing interstate barriers. However, the findings also imply that the benefits may not be evenly distributed across all segments of tourism, particularly between luxury and budget markets, as highlighted in previous literature. This indicates that while GST has simplified the system, its impact varies depending on pricing sensitivity and consumer segments.

In the hospitality sector, respondents acknowledged that GST has influenced pricing and operational structures (mean score 3.9). The introduction of input tax credit has helped reduce overall costs, but at the same time, fluctuating tax rates and classification issues continue to create uncertainty. This dual effect reflects the transitional nature of GST reforms, where long-term benefits coexist with short-term operational challenges.

A significant aspect of this study is the relationship between awareness and perception. The findings reveal that respondents with higher awareness of GST tend to have a more positive perception of its impact. This suggests that knowledge and understanding play a critical role in shaping stakeholder attitudes. It also highlights the importance of awareness programs and training initiatives to improve acceptance and effective implementation of GST reforms.

The study further explores the global implications of GST 2.0, with the highest mean score (4.2) observed in this category. This indicates strong agreement that GST 2.0 will enhance India's alignment with international tax systems and improve its global competitiveness. The emphasis on digitalization, automation, and real-time compliance under GST 2.0 reflects global trends in taxation and supports India's integration into the global service economy.

Despite these positive outcomes, the study identifies several challenges. Compliance complexity remains a major concern, especially for smaller businesses in the service sector. Additionally, technological barriers and lack of digital literacy can limit the effectiveness of GST implementation, particularly in semi-urban and rural areas. These issues highlight the need for policy interventions to ensure inclusive growth.

Overall, the discussion suggests that GST and GST 2.0 have created a strong foundation for reforming India's service sectors. While the benefits in terms of transparency, efficiency, and global integration are evident, addressing existing challenges is essential to fully realize the potential of these reforms.

CONCLUSION:

The study analyzed the impact of GST on service sectors and explored the implications of GST 2.0 using primary data.

GST has significantly transformed India's service industries by improving efficiency and transparency. The evolution toward GST 2.0 is expected to further strengthen India's global competitiveness and digital tax ecosystem.

CONFLICT OF INTEREST:

This paper is based on a conceptual review of published literature and does not involve direct funding or collaboration with commercial biotechnology entities. The author declares no financial or personal conflicts of interest related to the subject matter discussed.

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