



International Journal of Contemporary Research In Multidisciplinary

Review Article

Implementation of GST in Uttarakhand: A State-Level Analysis

Shobhit Agarwal^{1*}, Dr. Sushim Shukla²

¹Research Scholar, College of Law & Legal Studies, TMU Moradabad, Uttar Pradesh, India

²Associate Professor, College of Law & Legal Studies, TMU Moradabad, Uttar Pradesh, India

Corresponding Author: Shobhit Agarwal*

DOI: <https://doi.org/10.5281/zenodo.16256434>

Abstract

The implementation of the Goods and Services Tax (GST) in India, effective from July 1, 2017, marked a historic transformation of the nation's indirect taxation system, to consolidate various taxes imposed by the central government and states into a single, composite taxation system. This study report provides a state-by-state analysis of GST implementation in the Himalayan state of Uttarakhand, which possesses distinct geographical, economic, and demographic characteristics.

The research examines the infrastructural readiness, administrative issues, compliance rate, and sectoral effect of GST in Uttarakhand. Emphasis is laid on the effect on MSMEs, tourism, logistics, and agriculture — industries which form the crux of the state's economy. The paper relies on information from the Uttarakhand Commercial Tax Department, GSTN portal, surveys conducted with local businessmen and tax authorities, and secondary data from government reports and scholarly work.

Evidence indicates that although GST has increased transparency, widened the tax base, and enhanced revenue stability in Uttarakhand, issues persist. These include digital illiteracy in rural pockets, over-compliance pressures on small enterprises, and cyclicity of taxes in times of tourism dependency by the state. The paper ends on policy suggestions, with a focus on capacity development, strengthening of digital infrastructure, and localized citizen outreach programs enhancing compliance and leveraging the benefits of GST for Uttarakhand to the fullest.

Manuscript Information

- ISSN No: 2583-7397
- Received: 13-06-2025
- Accepted: 16-07-2025
- Published: 21-07-2025
- IJCRM:4(4); 2025: 241-245
- ©2025, All Rights Reserved
- Plagiarism Checked: Yes
- Peer Review Process: Yes

How to Cite this Article

Agarwal S, Shukla S. Implementation of GST in Uttarakhand: A State-Level Analysis. Int J Contemp Res Multidiscip. 2025;4(4):241-245.

Access this Article Online



www.multiarticlesjournal.com

KEYWORDS: Goods and Service Tax (GST), Indirect Tax Reform, MSME, Digital Illiteracy, Tourism

1. INTRODUCTION

The introduction of the Goods and Services Tax (GST) on July 1, 2017, was a historic event in India's economic and fiscal history. It replaced a multi-level block of central and state indirect taxes. GST was to be a multi-stage, destination-based comprehensive tax to harmonize the Indian market and ease the tax system. By bringing in taxation like VAT, service tax, central excise, and entry tax, the GST sought to do away with cascading effects, ensure efficiency of tax collection, and

introduce transparency in the movement of goods and services in the country.

Even though GST was introduced throughout the country uniformly, its effects have not been uniform. Every Indian state is a special case in terms of economic structure, tax culture, industrial potential, and administration preparedness. In this context, Uttarakhand—a Himalayan state carved out in 2000 with specific geographical, demographical, and economic features—is a case worth being analysed. Its economy is highly dependent on sectors like tourism, agriculture, small industry,

and logistics. These sectors are highly responsive to policy adjustments in taxation, compliance processes, and infrastructure preparedness.

Uttarakhand's Census-based topographical diversification, from hills to unreachable rural areas, poses serious challenges to digital accessibility and logistical effectiveness—both of which are critical ingredients for GST's successful implementation. Two, the state's dominance by micro, small, and medium enterprises (MSMEs) requires analysis of how GST has affected their compliance behaviour, cost patterns, and business sustainability overall.

This research will evaluate the UTGST implementation in Uttarakhand at the state level, comparing its preparedness, efficacy, and sectoral performance. It examines different dimensions, such as administrative preparedness, digital infrastructure, taxpayer compliance behaviour, and trends in revenue collection. It also examines how key sectors like tourism, MSMEs, logistics, and agriculture have adapted the new tax system and details particular challenges that the stakeholders have faced. As per primary sources like interviews with local businessmen and tax officials, small business enterprise surveys, and secondary sources from official websites like GSTN portal and Uttarakhand Commercial Tax Department, the current study offers a grounded reality of ground-level implementation of GST in the state.

The study is both timely and relevant. With India nearing the post-GST stabilization phase and the compensation to the states by the centre having ceased, it is of utmost importance to comprehend state-level performance so that policies are made more specific. The case of Uttarakhand points to localized policies taking on board geographical as well as economic heterogeneity of GST regime.

By this paper, we attempt to respond to the following questions: How well has GST's rollout gone in Uttarakhand? What are the concrete outcomes in revenue collection and enforcement? What are the ongoing challenges, and how can policy measures tackle them? The intention is to provide reflective commentary both to scholarly research as well as policy debate concerning the future development of GST in India.

GST Structure and the Role of States:

India's Goods and Services Tax (GST) is one of the biggest post-independence budget changes. GST replaced a multi-level structure of indirect taxes, which had been charged by the Centre and states individually with a single regime of tax. India implemented a dual GST model, under which both the Centre and state governments charged the tax on the unified base. This model strikes a balance between national economic integration and fiscal federalism by preserving the two levels of governments' taxing powers while reaching a level market.

This model balances national economic integration and fiscal federalism by maintaining the two levels of governments' taxing authorities while achieving a level market.

In the Indian GST structure, taxes have been categorized under the following forms:

- **Central GST (CGST):** Levied by the Central Government on intra-state supply of goods and services.
- **State GST (SGST):** Imposes on the State Governments on intra-state supply.
- **Integrated GST (IGST):** Collected by the Centre from inter-state and cross-border supplies and shared between Centre and the final consuming state.

The GST system is based on the destination principle of taxation, where the tax revenue accrues to the state where the goods or services are consumed and not the state where production occurs. Good coordination arrangements had to be put in place by the Centre and States to implement this changeover from origin to destination-based taxation.

In order to facilitate such coordination, the GST Council has been formed under Article 279A of the Indian Constitution. The Council consists of the Union Finance Minister (Chairperson), the Union Minister of State in the Ministry of Finance, and the Finance Ministers of states. The Council has the authority to recommend tax rates, exemptions, thresholds, model laws, and special provisions for some states. Significantly, it is based on a consensus model, encouraging cooperative federalism.

The states play a crucial role in implementing and administering GST. They are responsible to:

- Register taxpayers and impose compliance in the state.
- State-based GST taxpayers' audit and tax account.
- Closely monitor intra-state transactions in order to check revenue leakage.
- Handle SGST as well as a part of IGST revenues, which is vital to fiscal planning at the state level.

For those like Uttarakhand, which is otherwise also strongly reliant upon consumption-oriented industries like trade and tourism, the destination-specific nature of GST has brought some budgetary benefits. Yet, the continuous problems it causes with geography-based logistics and connectivity concerns, uneven internet access impacting digital compliance, and economic activity being highly localized in a handful of urban agglomeration, continue.

The state's role has also changed following the end of the GST Compensation Scheme in 2022, which had provided states complete compensation to any revenue gap for the initial five years of GST operation. States now face more challenges towards stable revenues through better collection of GST and increasing their tax base.

In general, the organisational structure of GST in India requires state governments to intervene, both as principal administrators and agents of reform as well as as revenue recipients. The effectiveness of GST depends on the ability of the states to put their administrative systems in synchronization with changing national norms while finding solutions to local issues to enhance compliance, efficiency, and equity in tax collection.

GST Revenue Trends in Uttarakhand:

Since the implementation of the Goods and Services Tax (GST) on July 1, 2017, revenue patterns in the state of Uttarakhand

have reflected both the promise and pitfall that ensue from a hilly, consumption-driven, and services-based territorial economy. As a comparatively smaller state with high reliance on central transfers and seasonal tourism, Uttarakhand's GST revenue performance provides a good case to examine the efficacy of the federal tax system at the state level.

First Phase: Transition and Compensation (2017–2020):

During the initial years of GST rollout, Uttarakhand, as any other state, was assured 14% year- on-year increase in tax revenues by the GST Compensation Scheme. This helped to stabilize the finances of the state during transition. GST collections in Uttarakhand were improving modestly from 2017 to 2019, but it was largely dependent on compensation grant to achieve revenue milestones.

The reward avoided the effects of teething problems in initial compliance, telecommunication network glitches, and adaptation issues of small merchants and MSMEs of rural and semi-urban regions. The state also suffered from disruption in the realization of tax receipts during monsoon and tourist season off-seasons, which resulted in volatile monthly collection amounts.

Post-COVID Recovery and Revenue Consolidation (2020–2022):

The COVID-19 pandemic led GST collections to fall sharply in India as a whole, and Uttarakhand was no different. Lockdowns and a sudden slowdown in tourism, hospitality, and logistics services translated into lower consumption and tax revenues. But by the end of 2021, the state had snapped back, thanks to better digital compliance, harmonization of e-way bills, and the renewed efforts of the Uttarakhand Commercial Tax Department to track large taxpayers and step up enforcement. GST revenues also settled during this period, with average monthly revenues crossing ₹1,000–1,200 crore in 2022.

It was a stunning reversal of earlier levels, indicating higher working formality of the state economy as well as improved working technology coverage.

Post-Compensation Phase and Recent Trends (2023–2024):

With the window for GST compensation closing in June 2022, Uttarakhand was left with only its own GST collections and central devolutions. To the surprise of everyone, GST revenue continued to grow, though at a muted level. According to the Ministry of Finance, the state recorded year-on-year growth of around 12% in GST revenues during FY 2023–24, attributing it to improved tax compliance as well as stepped-up enforcement action.

The beneficiary sectors of major importance were:

- Industrial and MSMEs in Dehradun, Haridwar, and Rudrapur
- Tourism services during peak seasons
- Construction and real estate in rapidly urbanizing districts

Main Challenges and Observations:

- Despite the onset of reform, there are some challenges that linger:
- Off-season volatility in revenues (most importantly for tourism and agriculture).
- Delays in compliance in rural and semi-formal segments.
- Weak administrative capacity in distant districts.
- Dependence on a few industrial clusters for the majority of GST collections.

Administrative and Technical Challenges in GST Implementation in Uttarakhand:

Rollout of Goods and Services Tax (GST) in Uttarakhand has caused structural transformation of the tax structure in the state. While it has opened up transparency, streamlined the process of taxation, and enhanced revenue collection, the implementation has not been smooth with serious administrative and technical problems. These have affected Uttarakhand most severely because of its geography, poor digital penetration in rural India, and weak institutional capacity.

Lack of Administrative Ability:

The Commercial Tax Department of Uttarakhand had to cope with a steep learning curve in adopting the GST regime. The officers and staff, having been trained earlier mostly for Value Added Tax (VAT) and Entry Tax regimes, had to re-train themselves to manage the intricacies of GST like multi-level structures of rates, traceability of interstate supplies, and electronic filing.

Most tax officers spoke about the difficulties in:

- Adherence to the constantly changing GST notifications.
- Performance tracking and audit according to the new law.
- Tracking of e-commerce sellers' and remote service providers' compliance.

Shortages in manpower and improper deployment of trained staff to districts also resulted in bottlenecks in enforcement as well as taxpayer facilitation.

Digital and Infrastructure Issues:

GST is a technologically dominated system. But digital infrastructure in Uttarakhand, especially in far-flung hilly areas, is weak. Poor internet speed, erratic power supply, and IT support deficits have impacted:

- Timely return filing by firms.
- Real-time generation of e-way bills.
- Refund and online registration.

Small industries in regions such as Chamoli, Pithoragarh, and Bageshwar are hampered from availing the GSTN portal, which is not always English user-friendly or even for technically illiterate users.

MSMEs Compliance Burden:

Micro, Small, and Medium Enterprises (MSMEs), the industry backbones of Uttarakhand, have been disproportionately

saddled with the compliance-oriented GST regime. They don't have a GST consultant or permanent account staff and struggle to:

- Understand input tax credit terminology.
- Make several returns (GSTR-1, GSTR-3B, annual return).
- Deal with invoices for customers and suppliers.

Even after introducing QRMP (Quarterly Return Monthly Payment) scheme for small taxpayers, businessmen remain ignorant about process and eligibility and thus lose on accidental non-compliance and penalties.

E-Way Bill and Logistics Issues:

Though the e-way bill system has brought more transparency into the movement of goods, Uttarakhand businesses complain about bottlenecks, particularly near state borders. Irregularities on e-way bills or slow connectivity at check posts result in:

- Increased cost of transport.
- Detention of goods and punitive action.
- Lower supply chain efficiency.

These are particularly vital for the FMCG and tourism industries, which rely on punctuality of delivery.

Lack of Localized Support and Awareness:

In spite of awareness efforts by the GST Council and states, rural taxpayers are generally unclear on:

- Due dates and penal consequences.
- GST levies on services such as homestays or local handicrafts.
- Utilizing online grievance redressal facilities.

The lack of persistent taxpayer interaction in local languages and not having physical GST facilitation centres in smaller towns only increased the compliance gap further.

Taxpayer and Official Remarks:

20 traders and 5 tax officers of Dehradun, Nainital, and Haridwar were interviewed to provide the following remarks:

Traders' Perception:

- 65% believed that GST was scant on structure but voluminous on documentation.
- Most small traders were unaware of recent changes in GST regulations.
- Dual responses on GST return portals — delayed and technical issues were a problem.

Officials' Perception:

- Savoured enhanced transparency and data-sharing with the Centre.
- Reluctant to recognize manpower shortages in rural regions.

Called for simplification of refund forms and lower frequency for small payers.

Suggestions and Policy Recommendations:

Introduction of the Goods and Services Tax (GST) in Uttarakhand must be a targeted, inclusive, and geographical policy framework. Given the unique geographical, economic, and demographic nature of the state, a uniform approach will prove insufficient. Though GST has increased transparency and broadened the tax base, administrative, infrastructural, and sectoral problems still need to be addressed. The following policy proposals and recommendations are offered to assist in these challenges and make GST more efficient in Uttarakhand.

Establishing Digital Infrastructure:

Digital connectivity is the corner stone of GST compliance. The overwhelming majority of remote and hill tracts of Uttarakhand still lack robust internet reach and power supply, impacting accessibility to the GST portal and e-way bill system.

- **Recommendation:** The Centre and state government must expedite rural broadband and 4G/5G penetration under the Bharat Net initiative, i.e., business-oriented but under-penetrated districts.
- **Suggestion:** Facilitation kiosks or vans may be placed in remote blocks to assist small taxpayers and traders in filing returns and technical issues.

Ease of Compliance of MSMEs

The Micro, Small, and Medium Enterprises (MSMEs) of Uttarakhand are high-compliance due to their poor administrative capacity and unawareness.

- **Recommendation:** Increase the scope of Quarterly Return Filing and Monthly Payment (QRMP) scheme and create awareness regarding its benefits.
- **Suggestion:** Open state-level GST facilitation centers where free or subsidized consultancy is offered to small business units, particularly in Almora, Tehri, and Chamoli districts.

Training and Local Language Capacity Building:

One of the principal issues in Uttarakhand is the local lack of information of GST among rural and semi-urban traders and service providers.

- **Recommendation:** Conduct multilingual training in Hindi and local languages among transporters, traders, and artisans to increase GST law awareness, input tax credit, filing returns, and penalty avoidance.
- **Suggestion:** Partner with local trade associations, Panchayati Raj institutions, and NGOs for grassroots-training models.

Sector-Specific Policy Adjustments:

Industry sectors like tourism, agriculture, and logistics that form the economic backbone of Uttarakhand require targeted tax interventions.

- **Tourism:** Simplify GST for small tour operators, homestays, and local guides. Investigate seasonal GST registration models to align with income cycles.

- **Agriculture:** Simplify exemptions and encourage registration of Agri-suppliers to improve access to formal markets.
- **Logistics:** Provide relaxation or relief in e-way bill compliance in difficult geographies to enhance the movement of goods.

Better Inter-Departmental Coordination:

GST collection and facilitation of taxpayers require inter-department coordination — commercial tax, transport, tourism, and IT.

- **Recommendation:** Establish a State GST Task Force with the key departments to bridge inter-agency gaps and share information for effective collection.
- **Suggestion:** Put grievance redressal system on the same portal where taxpayers can track and settle cases through departments.

Transparency and Citizen Participation:

- Make transparency by posting district-wise GST collection data and success stories.
- Restart GST awareness campaigns on local print and electronic media to create trust and voluntary compliance.

CONCLUSION

Implementation of GST in Uttarakhand has been an evolutionary but evolving experience. The one-tax system brought greater transparency, broadened the tax base, and instilled a stable revenue system for the state. However, geographical limitations, digital illiteracy, and sectoral disparities have encumbered maximum utilization of its benefits. While off-campus districts and cities such as Dehradun and Haridwar saw sectors transform rather extensively, small businesses off-campus are still finding it difficult to adapt. The 'state's dependence on seasonal sectors such as tourism makes its GST revenue planning even more challenging. Nevertheless, the efforts of the state government regarding improving infrastructure, undertaking outreach programs, and process streamlining have given noteworthy advantages. With the help of ongoing efforts towards training, infrastructure, and streamlining, Uttarakhand will gain immensely from GST in the long term. Therefore, a localized, inclusive, and flexible strategy will be needed for the full realization of the potential of GST in hilly states like Uttarakhand.

REFERENCES

1. Government of India. The Central Goods and Services Tax Act, 2017. Ministry of Law and Justice; 2017. Available from: <https://cbic-gst.gov.in/>
2. GST Council. Meeting Minutes and Notifications. 2017–2024. Available from: <https://gstcouncil.gov.in/>
3. Ministry of Finance. Monthly GST Revenue Collection Reports. 2023. Available from: <https://pib.gov.in/>
4. Department of Commercial Tax, Government of Uttarakhand. Annual Administrative Report 2021–2022. 2022. Available from: <https://comtax.uk.gov.in/>
5. Comptroller and Auditor General of India (CAG). State Finances Audit Report: Uttarakhand. 2023. Available from: <https://cag.gov.in/>
6. GST Network (GSTN). Statistical Reports on Taxpayer Compliance and Return Filing. 2023. Available from: <https://www.gstn.org/>
7. Institute of Chartered Accountants of India (ICAI). Practical Guide to GST Compliance for MSMEs. New Delhi: ICAI Publications; 2021.
8. National Council of Applied Economic Research (NCAER). GST: Impact on State Economies – A Study of North Indian States. 2019. Available from: <https://www.ncaer.org/>
9. World Bank. India Development Update: India's Growth Story Under GST. 2018. Available from: <https://www.worldbank.org/>
10. Press Information Bureau (PIB). GST Collection and Reforms Press Releases. 2023. Available from: <https://pib.gov.in/>
11. Mukherjee S. Goods and Services Tax in India: Impact on State Finances. National Institute of Public Finance and Policy (NIPFP); 2019. <https://doi.org/10.2139/ssrn.3408381>
12. Economic Times. GST Collections by States: Trends and Performance Analysis. 2023. Available from: <https://economictimes.indiatimes.com/>
13. The Hindu Business Line. Challenges of GST in Hilly States: Case of Uttarakhand. 2022. Available from: <https://www.thehindubusinessline.com/>
14. Jain A, Bansal R. GST implementation and compliance in Indian states: A sectoral approach. Journal of Indian Taxation. 2020;5(2):45–60.
15. Singh R, Pant D. Impact of GST on tourism industry in Uttarakhand: An empirical study. Indian Journal of Public Administration. 2021;67(3):234–250.

Creative Commons (CC) License

This article is an open-access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY 4.0) license. This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.



Shobhit Agarwal is a Research Scholar at the College of Law & Legal Studies, Teerthanker Mahaveer University, Moradabad, Uttar Pradesh. He is also a practicing Tax Consultant. Originally from Nainital district in Devbhoomi Uttarakhand.