

Social Inclusiveness of GST 2.0 in Odisha: An Empirical Assessment of Digital Compliance, MSME Competitiveness, Regional Equity, and Governance Trust

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Abstract

This study examines how next-generation GST 2.0 reforms influence perceived social inclusiveness in Odisha by analysing the roles of digital GST compliance readiness, MSME competitiveness, regional equity, and trust in GST governance. A quantitative research design was adopted using a structured Likert-scale questionnaire administered to 384 respondents representing MSMEs, traders, and GST users across Odisha. Descriptive statistics, Pearson correlation, and multiple regression analysis were used to assess the relationships among the variables. Reliability and validity checks ensured the robustness of the measurement model. The results reveal that all four independent variables significantly shape perceived social inclusiveness under GST 2.0. Trust in GST governance emerged as the strongest predictor, followed by digital compliance readiness, MSME competitiveness, and regional equity. The regression model explained 62.7% of the variance, indicating a strong and meaningful predictive framework. The findings highlight the need for enhanced digital literacy, MSME-focused compliance support, region-specific facilitation measures, and improved administrative transparency to strengthen inclusiveness under GST 2.0. This study provides a novel, integrated framework connecting technological, economic, regional, and governance factors to social inclusiveness, an underexplored dimension of GST reforms in India, particularly within the Odisha context.

Key Words: GST 2.0, Digital Tax Compliance, MSME Competitiveness, Regional Equity, Social Inclusiveness

1. Introduction

When India introduced the Goods and Services Tax (GST) in 2017, it was celebrated as a transformative step toward harmonising indirect taxation and simplifying compliance for citizens and businesses alike. Over the years, however, the reform has evolved far beyond the technicalities of tax collection. It now stands at the intersection of economic modernisation, digital governance, and social inclusion. As conversations intensify around GST 2.0, the country's next wave of reform, there is a renewed interest in understanding how these changes will influence the everyday lives of ordinary people, shopkeepers, micro-entrepreneurs, self-employed workers, rural artisans, and emerging digital users. Nowhere is this inquiry more meaningful than in Odisha, a state known for its rich cultural diversity but marked by persistent regional disparities, uneven digital penetration, and a large population of small and marginal economic

participants. Odisha presents a distinctive canvas where the story of GST reforms unfolds in complex and layered ways. In bustling trading hubs like Cuttack and Berhampur, small traders navigate the digital GST system with increasing confidence, while in remote blocks of Malkangiri, Koraput, and Mayurbhanj, taxpayers still depend on intermediaries to interpret GST rules and submit returns. MSMEs, woven into the fabric of Odisha's economy through clusters like Sambalpur handlooms, Rourkela metal workshops, and Khurda food-processing units, stand at the frontline of compliance. Their survival and competitiveness often depend on how effectively they adapt to GST processes that increasingly rely on digital literacy, documentation skills, and transparent reporting. The promise of GST 2.0, with its emphasis on automation, real-time verification, and simplified workflows, holds the potential to level the playing field. Yet, it may also widen the participation gap if preparedness is uneven. At the same time, the

social dimension of taxation has gained visibility in policy and research discourses. GST, by design, moves away from fragmented state-level taxes toward a unified national system. But the extent to which this uniformity promotes equity across regions remains under debate. Odisha, with stark contrasts between coastal prosperity and tribal hinterland deprivation, offers a unique context for studying how taxpayers perceive the fairness of GST's burden-sharing. The shift to GST 2.0 is expected to address many such concerns by simplifying structures and making tax administration more responsive and transparent. Whether these anticipated reforms are building social trust, or merely adding another layer of administrative expectations, remains an empirical question.

Equally important is the role of trust in governance, which has emerged as a decisive force shaping the acceptance and perceived fairness of tax systems globally. In the context of GST, trust is not merely institutional; it is experiential. It is reflected in how taxpayers feel when they access the GST portal, raise grievances, apply for refunds, or interact with tax officials. For many citizens in Odisha, especially first-generation digital users, trust often grows from lived experiences, timely refunds, clear communication, and supportive handholding. As GST 2.0 seeks to push artificial intelligence-enabled verification, risk-based audits, and fully automated return systems, taxpayers' confidence in the system's fairness and transparency becomes even more fundamental.

Against this backdrop, the present study explores how the four critical levers of GST 2.0, digital compliance readiness, MSME competitiveness, regional equity in tax structure, and trust in GST governance, shape perceptions of social inclusiveness in Odisha. Social inclusiveness, in this study, refers to the belief that GST reforms enable fair participation, equitable access to opportunities, and balanced development across socio-economic groups and districts. While the GST debate often focuses on revenue implications, input credit mechanisms, or compliance burdens, the people-centred dimension, whether citizens feel included, supported, and empowered, has received

limited scholarly attention, especially in the context of eastern India.

By adopting a structured empirical approach using 384 respondents drawn from diverse occupational and regional backgrounds of Odisha, the study aims to generate fresh evidence from a social perspective. As India progresses toward GST 2.0, such insights become indispensable for designing reforms that are not only efficient and technologically advanced but also inclusive, equitable, and rooted in people lived realities. In doing so, this research contributes to the emerging narrative that the success of fiscal reforms lies not only in their economic outcomes but also in their ability to strengthen social trust and broaden participation in the formal economy.

2. Literature Review

The transformation of indirect taxation systems through digital platforms has significantly reshaped tax administration across many economies. In India, the introduction of the Goods and Services Tax (GST) marked a major reform aimed at simplifying tax structures, enhancing transparency, and promoting economic integration. With the evolution of GST 2.0, greater emphasis has been placed on technological integration, compliance efficiency, and inclusive participation of taxpayers across regions and sectors (Mahaveer, 2026; Naik et al., 2025). Digital tax compliance has therefore emerged as a crucial factor influencing the effectiveness of modern tax systems. The ability of taxpayers to use online portals, manage digital records, and adopt e-filing procedures determines the ease with which they participate in the tax ecosystem (Han et al., 2025). Research indicates that technology-driven tax systems reduce administrative delays, improve monitoring mechanisms, and encourage voluntary compliance when taxpayers possess adequate digital capabilities and access to reliable technological infrastructure (Nose et al., 2025). However, disparities in digital literacy and internet accessibility remain important challenges, particularly in developing economies where small traders and rural taxpayers often face barriers in

adapting to digital systems(Aryeh-Adjei et al., 2025).

The implementation of GST has also generated significant implications for the Micro, Small and Medium Enterprises (MSME) sector, which plays a vital role in employment generation and regional economic development in India. The unified tax framework introduced under GST has reduced cascading taxes and facilitated smoother interstate trade, thereby creating new opportunities for MSMEs to expand their market reach and integrate into national supply chains(Jain, 2025). At the same time, several studies indicate that compliance requirements such as frequent return filing, digital documentation, and accounting adjustments initially increased operational challenges for smaller enterprises with limited technical expertise and financial resources(Kundhadia, 2025) . Despite these difficulties, the availability of input tax credit, simplified composition schemes, and reduced logistics barriers has gradually improved productivity and competitiveness among MSMEs operating within the formal economy(Manalo et al., 2025) . Empirical research further suggests that simplified consumption tax systems enhance business competitiveness when administrative procedures remain transparent and compliance costs are manageable for smaller firms(Adelia & Firmansyah, 2025) .

Another critical dimension of GST reforms concerns the issue of regional equity. In federal tax systems, uniform national taxation policies must balance efficiency with fairness across diverse regional economies. Scholars argue that consumption-based taxes such as GST have the potential to reduce regional disparities when revenue-sharing mechanisms and compensation structures adequately address fiscal imbalances among states(Siqueira et al., 2025) . In India, the GST Council has been designed as a cooperative institutional framework that enables joint decision-making between the central and state governments to maintain fiscal harmony and policy coordination. Nevertheless, research indicates that economically weaker regions often face challenges in maximising the benefits of tax reforms due to limited industrial bases, weaker infrastructure, and lower digital

penetration(Garg et al., 2025) . Regions with lower awareness and technological adoption may therefore experience slower integration into the formal tax ecosystem, which can influence perceptions of fairness and equity in taxation policies(Sokołek, 2025) .

Trust in tax governance has also been identified as a key determinant of taxpayer behaviour and compliance. When taxpayers perceive the tax system as transparent, fair, and predictable, they are more likely to comply voluntarily and develop positive attitudes toward fiscal reforms. Studies on public finance emphasise that the credibility of tax authorities, efficiency of administrative processes, and responsiveness of grievance redressal mechanisms significantly shape taxpayers' trust in governance institutions(Tumoro& Pandya, 2025). In the context of GST implementation in India, initial operational challenges such as portal instability, procedural complexities, and delays in refund processing created concerns among businesses and traders. However, gradual improvements in digital infrastructure, automated refund systems, and data-driven monitoring have strengthened administrative efficiency and governance credibility in recent years(Tashfeen et al., 2025). Research also highlights that awareness campaigns, taxpayer education programmes, and facilitation centres contribute to building trust by helping taxpayers understand and adapt to new tax systems more effectively(Kiptum et al., 2024) .

Beyond administrative and economic considerations, GST reforms also influence broader questions of social inclusiveness. Social inclusiveness in taxation refers to the extent to which fiscal systems enable diverse socio-economic groups to participate in economic activities without facing disproportionate compliance barriers(Kumar, 2023). Inclusive tax systems aim to simplify procedures, expand access to formal markets, and ensure that the benefits of fiscal reforms are distributed equitably among different segments of society. Studies suggest that tax inclusivity improves when compliance procedures are simplified and when governments provide adequate institutional support to vulnerable groups such as small traders, artisans, and informal

sector participants (Ariyanto et al., 2024). In India, GST was envisioned as a transformative reform capable of reducing interstate tax barriers, improving transparency, and encouraging formalisation across sectors. However, the extent of inclusiveness varies across states depending on factors such as digital literacy, economic structure, and the availability of institutional support mechanisms (Sreesankar & Durgalashmi, 2026). In states like Odisha, where small-scale enterprises and rural economic activities constitute a significant portion of the economy, inclusiveness under GST largely depends on taxpayers' ability to adapt to digital compliance systems and access support services that facilitate smooth participation in the tax regime (Harishekar & Manoj, 2021). Consequently, understanding the interaction between digital readiness, MSME competitiveness, regional equity, and trust in governance becomes essential for assessing the broader social impact of GST 2.0 reforms (Ignatius, 2025; Kundhadia, 2025).

2.6 Research Gap

Although existing studies have examined digital tax systems, MSME responses to GST, regional disparities, and governance trust, the literature provides limited evidence on how these factors collectively shape perceptions of social inclusiveness, particularly in states with diverse socio-economic conditions like Odisha. Prior research focuses largely on economic or administrative outcomes, while the social consequences of GST 2.0 remain underexplored. Moreover, no integrated framework empirically connects digital readiness, MSME competitiveness, regional equity, and trust in governance to inclusiveness. This study fills this gap by offering a comprehensive, Odisha-specific analysis grounded in quantitative methods.

3. Research Methodology

A well-structured research methodology is essential for systematically examining how next-generation GST reforms shape perceptions of social inclusiveness in Odisha. This section presents the research design, population and sampling procedures, instrument development, data collection processes, data preparation steps, and the

statistical tools used for analysis. Given that GST 2.0 is expected to deepen digital systems, improve compliance structures, and enhance governance transparency, the methodological framework is designed to capture nuanced behavioural and perceptual variations across diverse taxpayer groups.

3.1 Research Design

The study adopts a descriptive and analytical research design, suitable for understanding both the descriptive patterns of respondents' perceptions and the predictive relationships among the variables. The descriptive component allows the study to summarise demographic characteristics, digital readiness levels, and perceptions of GST fairness. The analytical component, relying on correlation and multiple regression, will help determine the extent to which the four independent variables, Digital GST Compliance Readiness, MSME Competitiveness, Regional Equity in GST Structure, and Trust in GST Governance, predict the dependent variable, Perceived Social Inclusiveness. A quantitative design is selected because it facilitates objective measurement of constructs and allows generalisation of results across the population.

3.2 Study Area and Justification

The study is conducted in Odisha, a state characterised by socio-economic diversity, regional disparities, and an expanding yet unevenly distributed MSME ecosystem. Odisha's mix of coastal commercial hubs, industrial clusters, and tribal hinterlands makes it an ideal setting to examine how taxpayers experience GST reforms. Differences in digital penetration, awareness, and governance support systems across districts provide a natural context for assessing the inclusiveness and equity of GST 2.0. Given that the GST Council is introducing technologically advanced reforms, Odisha's diverse taxpayer base offers rich insights into both opportunities and challenges in adopting these reforms.

3.3 Population and Sampling

The target population comprises registered GST payers, MSME owners, traders, self-employed

individuals, and digitally active citizens who frequently interact with GST systems. Since perceptions of inclusiveness often vary across income groups and geographies, the study covers respondents from coastal districts (e.g., Khurda, Cuttack), western districts (e.g., Sambalpur, Bolangir), and tribal districts (e.g., Koraput, Mayurbhanj).

Using Cochran's sample size formula, a final sample of 384 respondents is determined, which ensures adequate representation and statistical robustness. A combination of stratified sampling (based on district categories) and convenience sampling (for operational feasibility) is used. Stratification ensures balanced inclusion of diverse regions, while convenience sampling allows efficient data collection from accessible respondents in markets, industrial clusters, and digital service centres.

3.4 Instrument Design and Development

Data is collected using a structured questionnaire developed specifically for the study. All items are measured on a five-point Likert scale ranging from *1 – Strongly Disagree* to *5 – Strongly Agree*. The questionnaire is organised into five major sections:

1. **Digital GST Compliance Readiness:** Measures digital literacy, comfort using GST portals, understanding of e-invoicing, and ability to navigate digital documentation.
2. **MSME Competitiveness under GST:** Captures perceived impact on productivity, compliance cost, supply chain efficiency, and business opportunities.
3. **Regional Equity in GST Structure:** Assesses perceptions of fairness across different regions of Odisha regarding compliance burden, accessibility, and tax transparency.
4. **Trust in GST Governance:** Includes items relating to transparency, responsiveness of grievance systems, clarity of rules, and reliability of refund processes.
5. **Perceived Social Inclusiveness under GST 2.0:** Measures perceptions of fairness, inclusion, ease of participation, and equitable access to GST benefits.

Items for each construct are adapted from validated GST, VAT, and digital governance scales used in previous empirical studies. Content validity is ensured through expert review from tax consultants, academic researchers, and officials from MSME facilitation centres.

3.5 Pilot Study and Reliability Testing

Before the main survey, a pilot test with 40 respondents is conducted to examine clarity, flow, and reliability of the instrument. Feedback from the pilot participants leads to minor modifications, mainly simplification of technical terms and rearrangement of item sequence. Reliability is assessed using Cronbach's Alpha, where each construct is expected to achieve a value above the acceptable threshold of 0.70, indicating internal consistency. Items demonstrating low item-total correlations are revised or removed. This refinement process ensures the robustness of the measurement model for the final survey.

3.6 Data Collection Procedure

Data collection is carried out through both offline and online modes.

- Offline surveys are administered in markets, MSME clusters, district industries centres, and GST facilitation camps.
- Online surveys are distributed through Google Forms to digitally literate taxpayers, accountants, and small business owners.

Enumerators are trained to explain questions neutrally and assist respondents unfamiliar with digital forms. Ethical practices are strictly followed. Respondents are informed about the purpose of the study, confidentiality of responses, and voluntary participation. No personal identifying information is collected beyond basic demographics.

3.7 Data Preparation and Cleaning

Once the data is collected, it undergoes a systematic cleaning process.

- Cases with excessive missing values are removed.

- Outliers are checked using z-scores and boxplots.
- Reverse-coded items (if any) are corrected.
- Numerical inconsistencies in Likert responses are resolved.

The cleaned dataset is then coded and imported into SPSS for analysis. Scale scores for each construct are computed by averaging the responses to the corresponding items.

3.8 Statistical Tools and Techniques

The study employs three major quantitative techniques:

a) Descriptive Statistics

Mean, standard deviation, frequency distribution, and percentage analysis are used to summarise demographic patterns, digital readiness, MSME characteristics, and perceptions across variables.

b) Correlation Analysis

Pearson's correlation coefficient measures the strength and direction of associations among the independent variables and the dependent variable. Correlation helps identify whether increases in digital readiness, MSME competitiveness, regional equity, or trust correspond with higher perceptions of social inclusiveness.

c) Multiple Regression Analysis

Multiple regression is used to determine the predictive influence of the four independent variables on Perceived Social Inclusiveness. The regression equation is expressed as:

$$PSI = \beta_0 + \beta_1(DGCR) + \beta_2(MSME) + \beta_3(REQ) + \beta_4(TGST) + \varepsilon$$

Where:

- **PSI** = Perceived Social Inclusiveness
- **DGCR** = Digital GST Compliance Readiness
- **MSME** = MSME Competitiveness
- **REQ** = Regional Equity
- **TGST** = Trust in GST Governance
- ε = error term

Significance values, R-square, Durbin–Watson test, and standardised beta coefficients are interpreted to

understand model strength and variable contributions. This technique enables the study to establish whether GST reforms are inclusively perceived and what drives such inclusiveness.

3.9 Statement of Hypotheses

Based on the objectives of the study and the relationships proposed among the variables, the following hypotheses are formulated to examine the influence of the independent variables on Perceived Social Inclusiveness under GST 2.0 in Odisha.

H0₁: Digital GST Compliance Readiness has no significant influence on Perceived Social Inclusiveness under GST 2.0.

H1₁: Digital GST Compliance Readiness has a significant positive influence on Perceived Social Inclusiveness under GST 2.0.

H0₂: MSME Competitiveness does not significantly influence Perceived Social Inclusiveness under GST 2.0.

H1₂: MSME Competitiveness significantly and positively influences Perceived Social Inclusiveness under GST 2.0.

H0₃: Regional Equity in the GST Structure has no significant influence on Perceived Social Inclusiveness under GST 2.0.

H1₃: Regional Equity in the GST Structure significantly and positively influences Perceived Social Inclusiveness under GST 2.0.

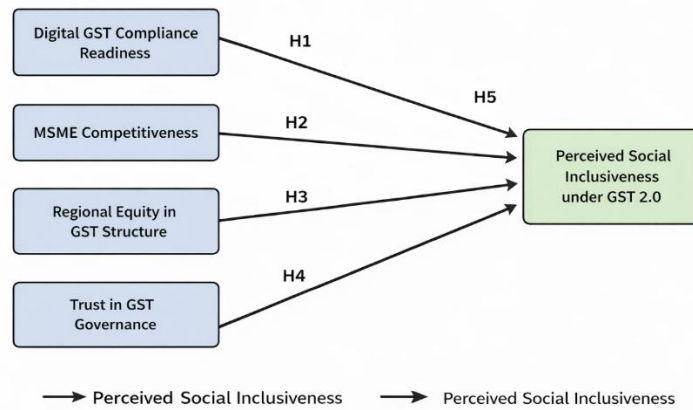
H0₄: Trust in GST Governance has no significant influence on Perceived Social Inclusiveness under GST 2.0.

H1₄: Trust in GST Governance significantly and positively influences Perceived Social Inclusiveness under GST 2.0.

H0₅: The combined effect of all four predictors does not significantly influence Perceived Social Inclusiveness.

H1₅: The combined effect of all four predictors significantly influences Perceived Social Inclusiveness.

Figure-1: Conceptual Framework



4. Data Analysis and Interpretation

The data collected from 384 respondents across Odisha were analysed using SPSS to examine the statistical patterns underlying perceptions of GST 2.0 social inclusiveness. The analysis followed a structured approach comprising descriptive

statistics, correlation assessment, and multiple regression modelling. This sequence enabled a comprehensive understanding of respondent characteristics, inter-variable associations, and the predictive influence of the independent variables on perceived social inclusiveness, thereby aligning with the objectives of the study.

Table 1: Descriptive Statistics

Construct	N	Mean	Std. Deviation
Digital GST Compliance Readiness (DGCR)	384	3.68	0.71
MSME Competitiveness under GST (MSME)	384	3.55	0.76
Regional Equity in GST Structure (REQ)	384	3.42	0.81
Trust in GST Governance (TGST)	384	3.74	0.69
Perceived Social Inclusiveness (PSI)	384	3.61	0.73

Source: Author’s Compilation

The descriptive outputs in the table-1, reflect moderately positive perceptions toward GST 2.0 across all constructs. Digital GST Compliance Readiness (Mean = 3.68) shows that respondents exhibit reasonably strong familiarity with GST portal operations, e-invoicing, and online documentation, which implies growing digital maturity across diverse regions of Odisha. MSME Competitiveness records a mean of 3.55, suggesting that while MSMEs experience certain compliance pressures, many perceive GST as enhancing supply chain transparency and enabling broader market integration. Regional Equity, with a comparatively lower mean of 3.42, indicates that respondents from tribal and western districts still

perceive disparities in access, awareness, and administrative support, reflecting the uneven socio-economic landscape of the state. Trust in GST Governance shows the highest mean (3.74), highlighting respondents’ confidence in refund mechanisms, rule clarity, and administrative responsiveness. Perceived Social Inclusiveness (3.61) suggests that taxpayers generally experience GST as a system enabling improved participation, though gaps persist for economically vulnerable segments. Overall, the descriptive statistics portray a progressively strengthening environment for GST 2.0 implementation while also signalling the need to improve regional outreach and MSME support systems.



Table 2: Correlation Matrix

Variables	DGCR	MSME	REQ	TGST	PSI
Digital GST Compliance Readiness (DGCR)	1	.512**	.438**	.556**	.603**
MSME Competitiveness (MSME)	.512**	1	.421**	.487**	.569**
Regional Equity (REQ)	.438**	.421**	1	.463**	.522**
Trust in GST Governance (TGST)	.556**	.487**	.463**	1	.614**
Perceived Social Inclusiveness (PSI)	.603**	.569**	.522**	.614**	1

Source: Author’s Compilation

Note: $p < 0.01$ (2-tailed)

The correlation matrix in the table-2, demonstrates strong and statistically significant relationships among all variables, providing preliminary evidence of their interconnected behaviour within the GST 2.0 ecosystem. Digital GST Compliance Readiness shows a robust positive correlation with Perceived Social Inclusiveness ($r = .603, p < .01$), implying that individuals who are digitally confident tend to feel more included in the evolving GST framework. This association aligns with national observations that digital literacy promotes a sense of empowerment in compliance environments.

MSME Competitiveness ($r = .569, p < .01$) also reveals a strong connection with inclusiveness, highlighting that MSMEs perceiving GST as supportive of market efficiency and expansion tend to view the system as socially fair. This relationship indicates that GST 2.0’s success in Odisha will depend heavily on how MSMEs adapt to digital compliance and leverage GST for growth.

Regional Equity exhibits a moderately strong correlation with inclusiveness ($r = .522, p < .01$). Respondents from regions with better administrative support and digital access perceive GST as more equitable, indicating that geographical disparities shape inclusiveness perceptions. This emphasises the importance of ensuring targeted outreach to underserved districts.

Trust in GST Governance shows the highest correlation with inclusiveness ($r = .614, p < .01$). This suggests that confidence in transparent rules, accessible grievance systems, and reliable refunds significantly enhances taxpayers’ belief in the fairness of GST reforms. Trust also correlates strongly with digital readiness ($r = .556, p < .01$), indicating that a seamless digital ecosystem reinforces governance credibility. Collectively, these correlations support the theoretical premise that GST 2.0 inclusiveness is driven by interlinked administrative, digital, and regional factors.

Table 3: Multiple Regression Analysis

Predictors	β (Standardised)	t-value	Sig.
Digital GST Compliance Readiness (DGCR)	0.281	6.412	0.000
MSME Competitiveness (MSME)	0.247	5.731	0.000
Regional Equity (REQ)	0.198	4.882	0.000
Trust in GST Governance (TGST)	0.314	7.105	0.000
R = .792			
R ² = .627			
Adjusted R ² = .623			
F-value = 159.214			
Sig. = .000			

Source: Author’s Compilation

Dependent Variable: Perceived Social Inclusiveness (PSI)

The regression findings in the table-3, present a strong predictive model, with an R² value of 0.627, indicating that 62.7% of the variation in Perceived Social Inclusiveness is jointly explained by the four

independent variables. This level of explanatory power is highly satisfactory for social perception studies and demonstrates the robustness of the analytical framework used in this research.

Trust in GST Governance emerges as the strongest predictor ($\beta = .314$, $t = 7.105$, $p < .001$). This underscores that taxpayers' confidence in administrative fairness, refund reliability, rule clarity, and responsiveness substantially shapes their perception of inclusiveness. The finding reinforces the broader public finance argument that trust is foundational for voluntary compliance and social legitimacy in taxation systems.

Digital GST Compliance Readiness also exerts a significant influence ($\beta = .281$, $t = 6.412$, $p < .001$), suggesting that taxpayers who feel digitally competent perceive fewer entry barriers, greater ease of participation, and improved transparency. This outcome is particularly relevant in the context of Odisha, where digital penetration is uneven, and enhancing digital capacity remains a state priority.

MSME Competitiveness contributes meaningfully to inclusiveness ($\beta = .247$, $t = 5.731$, $p < .001$). MSMEs that experience GST 2.0 as reducing cascading tax effects, streamlining documentation, and enabling broader market access are more likely to view the system as inclusive. The relatively high coefficient demonstrates the pivotal role of MSMEs in shaping the public sentiment surrounding GST reforms.

Regional Equity also records a statistically significant effect ($\beta = .198$, $t = 4.882$, $p < .001$). This finding indicates that taxpayers from well-supported regions perceive GST as fairer and more inclusive than those from structurally disadvantaged areas. It highlights the need for differential interventions in tribal and western districts to improve outreach, capacity-building, and administrative support.

Overall, the regression model validates the conceptual structure of the study: inclusiveness under GST 2.0 is driven jointly by governance trust, digital readiness, MSME support, and regional fairness. The strength and significance of each predictor reveal a coherent pathway through

which policy reforms can enhance citizen engagement and social equity in Odisha.

5. Findings

The study reveals that GST 2.0 is generally perceived as socially inclusive in Odisha, although the intensity of inclusiveness varies across demographic and regional segments. Among the predictors examined, Trust in GST Governance emerges as the strongest determinant of perceived inclusiveness, indicating that transparent rules, timely refunds, and responsive grievance mechanisms substantially shape citizens' confidence in the system. Digital GST Compliance Readiness also demonstrates a significant positive effect, highlighting that digital familiarity reduces perceived barriers and enhances participation in GST processes. The findings show that MSME Competitiveness meaningfully contributes to inclusiveness, suggesting that when GST supports efficiency, reduces cascading effects, and improves market access, MSMEs feel more empowered. Regional Equity also exerts an important influence, with respondents from more developed coastal districts perceiving greater fairness than those from tribal and western districts. Collectively, the findings illustrate that while GST 2.0 holds strong potential to advance social inclusiveness, its success depends on strengthening digital capacities, ensuring equitable regional outreach, and maintaining high levels of administrative transparency.

6. Suggestions

Based on the empirical results, several policy-oriented suggestions are proposed to enhance the social inclusiveness of GST 2.0 in Odisha. First, digital capacity-building programmes should be expanded, especially in rural and tribal districts, through GST Seva Kendras, mobile digital literacy vans, and collaboration with local institutions. Second, targeted MSME support mechanisms, including simplified documentation guides, subsidised accounting software, and district-level compliance assistance, can significantly enhance MSME competitiveness under GST. Third, to address regional disparities, the government should develop region-specific facilitation initiatives, such

as special awareness drives, district helpdesks, and multilingual communication materials tailored to the needs of underserved communities. Fourth, efforts to strengthen trust in GST governance must continue through timely refunds, transparent audit practices, proactive communication, and user-friendly grievance systems. Finally, policymakers should promote a feedback-driven GST ecosystem in which taxpayers' experiences consistently inform improvements. Implementing these suggestions will ensure that GST 2.0 evolves into a more inclusive, supportive, and equitable tax framework for all citizens of Odisha.

8. Conclusion

This study set out to examine how GST 2.0 reforms influence the perceived social inclusiveness of taxpayers in Odisha, a state marked by diverse economic structures, uneven digital penetration, and significant regional disparities. By integrating four critical predictors, digital GST compliance readiness, MSME competitiveness, regional equity, and trust in GST governance, the research provides a holistic understanding of the pathways through which tax reforms shape citizens' perceptions. The results clearly demonstrate that inclusiveness is not merely a function of tax design but emerges from the interaction between technology, governance quality, regional conditions, and economic adaptability.

Empirically, the strong predictive influence of trust in governance and digital readiness highlights the centrality of administrative transparency and technological empowerment in driving positive public sentiment. The findings also emphasise the pivotal role of MSMEs, which act as both beneficiaries and carriers of GST reforms, especially in states with substantial small enterprise ecosystems. The moderate yet meaningful influence of regional equity reaffirms that any nationwide reform must acknowledge spatial differences in capacities, infrastructures, and socio-economic realities.

Overall, GST 2.0 holds significant potential to advance a more inclusive and equitable tax

environment in Odisha, but realising this promise requires sustained efforts in strengthening digital capabilities, addressing regional disparities, and reinforcing citizens' trust in governance. The study contributes both conceptually and practically by highlighting that inclusive tax reforms demand an integrated approach that aligns technological enhancement with social sensitivity. In doing so, it underscores that the long-term legitimacy and success of GST depend not only on economic efficiency but also on its ability to broaden participation and ensure that all sections of society feel empowered within the evolving fiscal landscape.

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