# GST ANALYTICS AS A STRATEGIC MANAGEMENT ACCOUNTING TOOL: DRIVING FISCAL SELF-RELIANCE UNDER VIKSIT BHARAT 2047

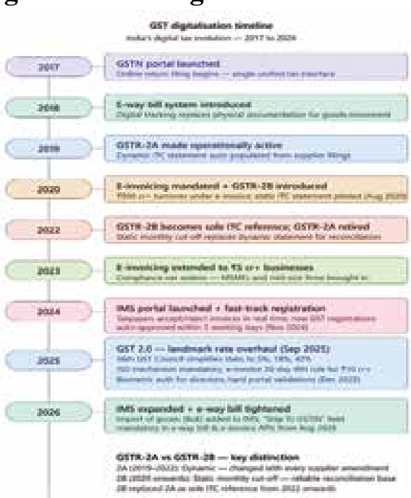

## Abstract

GST digitalisation has transformed tax compliance into a valuable source of managerial information for businesses. Beyond statutory reporting, data generated through GSTN, e-invoicing, e-way bills, GSTR-2B and the Invoice Management System (IMS) can support working capital management, vendor governance and strategic decision-making. Observations from the paper manufacturing industry highlight practical challenges including input tax credit reconciliation, classification disputes and refund delays. Integrating GST analytics into management accounting can improve organisational performance while supporting the broader vision of fiscal self-reliance under Viksit Bharat 2047.


## Introduction

The digitalisation of GST has significantly improved tax administration through initiatives such as GSTN, e-invoicing, e-way bills, GSTR-2B and the Invoice Management System (IMS). These reforms have strengthened compliance and transparency. However, challenges relating to ITC reconciliation, refund delays and operational implementation continue to affect business efficiency, particularly in manufacturing industries.

**Figure 1: GST digitalisation timeline**





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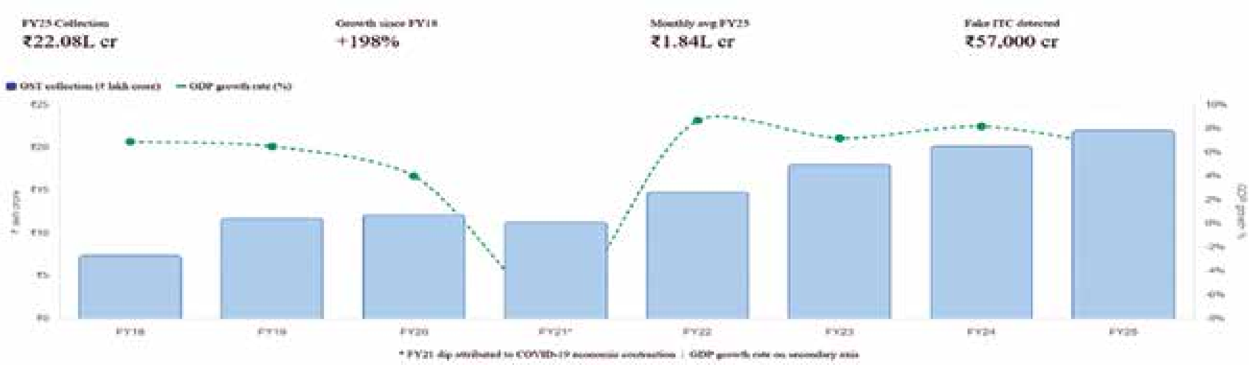
## India's Digital Tax Architecture

The Goods and Services Tax Network (GSTN) serves as the digital backbone of India's GST ecosystem, enabling return filing, invoice matching, e-way bill generation, e-invoicing, and compliance monitoring through a unified platform. The increasing use of digital technologies in tax administration reflects a broader global trend towards technology-enabled compliance systems that improve transparency, efficiency and revenue administration (Bird & Zolt, 2008).

The annual GST collections from FY 2017-18 to

FY 2024-25, reflecting a remarkable growth from ₹7.41 lakh crore to ₹22.08 lakh crore — an increase of nearly 198% over eight years. The data reveals a significant dip in FY 2020-21, attributable to the economic contraction caused by the COVID-19 pandemic, followed by a sharp recovery in FY 2021-22 with a growth rate of 30.4%. The consistent growth validates a core premise: robust, digitalised tax administration strengthens fiscal capacity.

**Chart 1: GST Revenue Growth FY18 to FY 25 compared with GDP growth**




**Source:** Economic Survey 2024–25 and Ministry of Finance GST Collection Reports.

### Evidence from the Paper Manufacturing Industry

In the paper manufacturing industry, e-way bills have improved interstate movement of pulp and finished products by reducing documentation delays. Likewise, GSTR-2B has strengthened vendor compliance monitoring. Nevertheless, ERP integration gaps, invoice mismatches and supplier non-compliance continue to complicate reconciliation, making GST data an important management control tool.

### GST Digitalisation Through a Strategic Management Accounting Lens

GST-generated data has emerged as a valuable source of managerial information. Data generated through GSTN, e-way bills, e-invoicing, GSTR-2B and IMS supports procurement, logistics, vendor governance and working capital management. For management accountants, these insights facilitate supplier evaluation, tax-risk monitoring and performance measurement through KPIs such as ITC realisation rates, vendor compliance and logistics efficiency. Consequently, GST analytics contributes not only to statutory compliance but also to cost optimisation, resource allocation and strategic planning.

**Table 1: Strategic Management Accounting Benefits of GST Digitalisation**

| GST Digital Tool | Operational Benefit | Management Accounting Benefit | Illustrative Strategic KPI |
|---|---|---|---|
| GSTR-2B | ITC visibility | Better working capital planning | ITC Realisation %, GSTR-2B Match Rate %, ITC Blocked Amount |
| E-Invoicing | Reduced invoice errors | Stronger internal control | Invoice Error Rate %, Invoice Processing Time |
| IMS | Vendor validation | Reduced compliance risk | Vendor Compliance Score %, Invoice Acceptance Rate |

**Source:** Compilation based on GSTN functionality and Strategic Management Accounting principles.

Accordingly, GST Analytics is not a standalone GSTN tool but a management accounting framework that analyses data generated through GSTN, GSTR-2B, E-Invoicing, E-Way Bills and IMS.

## GST Compliance Challenges: Insights from Paper Manufacturing Industry

Despite this progress, practical challenges persist. Digital tools have improved transparency but simultaneously introduced new complexities in reconciliation, classification, and working capital management — each with direct implications for business decision-making and cash flow.

### 1. Input Tax Credit Reconciliation Complexity

The introduction of GSTR-2B has significantly improved the process of Input Tax Credit (ITC) verification by providing taxpayers with a static monthly statement of eligible credits. However, in practice, reconciliation between GSTR-2B and internal accounting records remains a challenging exercise.

In the paper manufacturing industry, procurement transactions often involve multiple suppliers, transporters, and warehouses located across different states. Any delay or error in supplier return filing directly affects the availability of ITC in the recipient's GSTR-2B. Delayed availability or mismatch of Input Tax Credit can adversely affect working capital and may necessitate additional short-term financing, thereby increasing borrowing costs.

Common issues include incorrect invoice numbers, mismatched GSTIN details, duplicate invoice reporting, supplier non-compliance, and ERP integration errors. Reconciliation mismatches increase compliance costs and require additional managerial oversight, affecting organisational efficiency. They also increase the risk of ITC reversals, interest costs and cash-flow disruptions.

Furthermore, businesses are increasingly evaluating vendors based on their GST compliance behaviour. Vendor selection decisions are no longer based solely on price and quality; compliance reliability has emerged as a critical evaluation criterion.

### 2. Classification Disputes and Tax Uncertainty

Product classification often results in disputes concerning the applicable GST rate. For instance, in *West Coast Paper Mills Ltd.*, the Karnataka Authority for Advance Ruling held that wood supplied for paper manufacturing was classifiable under HSN 4403 rather than HSN 4401, illustrating how tariff ambiguities affect GST liability, product costing and compliance[1]. Such disputes highlight the continuing importance of clear tariff classification guidance and consistent interpretation by tax authorities.

Such classification ambiguities create uncertainty for businesses and may lead to retrospective tax demands, interest liabilities, penalties, and litigation costs. Frequent changes in notifications and varying interpretations by tax authorities further increase compliance risks.

From a Strategic Management Accounting perspective, classification disputes directly affect product costing and pricing decisions. Incorrect classification can distort cost calculations, resulting in inaccurate profitability analysis and suboptimal managerial decisions. The uncertainty associated with tax treatment also complicates budgeting and long-term business planning.

*([1] In re M/s West Coast Paper Mills Ltd., Karnataka Authority for Advance Ruling, Advance Ruling No. KAR ADRG 67/2019, concerning classification of debarked eucalyptus, acacia, casuarina and subabul wood supplied for pulping in the manufacture of paper and paperboards under HSN 4403)*

### 3. Working Capital Blockage Due to Input Tax Credit Delays

Although GST was designed to ensure seamless flow of tax credits across the supply chain, delays in credit availability and refund processing continue to create significant working capital challenges. This issue is particularly acute in industries affected by the inverted duty structure, where the GST paid on inputs exceeds the tax liability on finished goods.

In the paper manufacturing sector, substantial amounts of Input Tax Credit often remain accumulated for extended periods awaiting refund approval. During this period, funds that could otherwise be utilised for procurement, production expansion, technological upgrades, or debt reduction remain locked within the tax system.

The financial implications of such delays are considerable. For Micro, Small, and Medium

Enterprises (MSMEs), prolonged refund delays can significantly strain liquidity and limit growth opportunities.

From a management accounting perspective, blocked ITC represents an opportunity cost of capital, increases the cash conversion cycle and adversely affects return on capital employed (ROCE). The inability to access these funds affects cash flow forecasting, investment planning, and working capital management. Consequently, the efficiency of refund mechanisms becomes an important determinant of organisational financial performance.

### 4. The Gap Between Digital Infrastructure and Operational Reality

Although GST has created a robust digital compliance ecosystem, businesses continue to encounter operational challenges in day-to-day implementation. Periodic portal downtime during peak return filing dates often delays compliance activities and requires additional monitoring by finance teams. ERP integration issues remain another practical concern, as differences between enterprise systems and GSTN frequently result in reconciliation mismatches that require manual intervention.

Vendor compliance also continues to influence the effectiveness of the GST framework. Even when a business maintains accurate records, delays or errors in supplier filings may restrict the timely availability of input tax credit, affecting working capital planning. Frequent system updates, while intended to improve compliance and security, often require organisations to revise internal processes, retrain staff and modify ERP configurations. Collectively, these operational realities increase compliance costs and managerial effort, indicating that technological advancement must be accompanied by greater operational stability and stakeholder readiness.

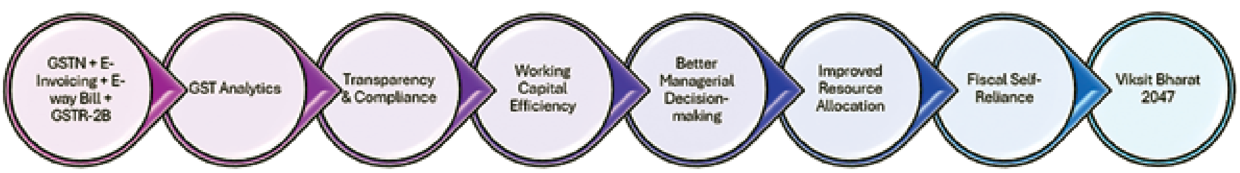
### Road to 2047 — Fiscal Independence Through GST Analytics

The vision of Viksit Bharat 2047 requires a transparent and technology-driven tax administration. Since 2017, India's digital GST ecosystem has strengthened fiscal governance, reduced revenue leakages and improved fiscal capacity through GSTN, e-way bills, e-invoicing and GSTR-2B.

The transactional data generated by these platforms enables governments to identify non-compliance through risk-based analytics while allowing businesses to strengthen internal controls, vendor management and compliance monitoring. As digital adoption expands, GST analytics will continue to support fiscal self-reliance and evidence-based decision-making.

Recent developments — the IMS expansion, progressive e-invoicing coverage, and growing use of risk-based assessments — align with the broader policy emphasis on technology-driven governance under Viksit Bharat 2047.

**Figure 2: Conceptual Framework**




**Source:** Developed by the Author based on practical observations in the paper manufacturing industry.

### Conclusion and recommendations

GST analytics has evolved into an important management accounting framework supporting working capital management, organisational performance and fiscal self-reliance under Viksit Bharat 2047.

To strengthen GST's contribution towards fiscal independence under Viksit Bharat 2047, the following measures are recommended:

1. **Enhance GSTN analytics capabilities** to enable faster identification of compliance mismatches and reduce reconciliation efforts.
2. **Promote standardised ERP-GST integration protocols** to minimise data inconsistencies between business systems and GSTN.
3. **Accelerate refund processing mechanisms** to reduce working capital blockage, particularly for manufacturing industries affected by inverted duty structures.

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Ref. No.: G/128/07/2026 Date: July 17, 2026

**NOTIFICATION**

**Subject: Constitution of Prime Minister Internship Scheme (PMIS) Cell at ICMAI**

In pursuance of the Standard Operating Procedure (SOP) dated 27th May, 2026 issued by the Ministry of Corporate Affairs (MCA) for onboarding of companies/organizations under clause 5.3.1(B) (i-vi) of the PMIS Guidelines dated 12th March 2026 under the Prime Minister Internship Scheme (PMIS), the Institute of Cost Accountants of India (ICMAI) hereby constitutes the Prime Minister Internship Scheme (PMIS) Cell.

The PMIS Cell shall serve as the nodal mechanism for coordination with the PMIS Cell of the Ministry of Corporate Affairs and shall facilitate the implementation of the Scheme.

The PMIS Cell of ICMAI is constituted as follows:

- **CMA M.K. Anand, Council Member** – Chairman
- **CMA (Dr.) S.K. Gupta, MD, ICMAI RVO** – Member
- **CMA Tarun Kumar, Director** – Secretary

**CMA (Dr.) S.K. Gupta** shall serve as the **Authorised Contact / Single Point of Contact (SPOC)** for the PMIS Cell.

This Notification shall come into force with immediate effect.

**CMA (Dr.) Debaprosanna Nandy**
Secretary (Officiating)