



GST

LEVERAGING DIGITAL GOVERNANCE FOR INCLUSIVE ECONOMIC GROWTH: GST REFORMS AND FISCAL FEDERALISM IN TAMIL NADU

Editors

Dr. A. Anandhiprabha

Dr. M. Jeeva

Ms. A. Gomathi

Dr. S. Mahalakshmi

Volume - II

A One Day National Seminar on

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© **Dr. A. Anandhiprabha**
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DIGITAL GST ARCHITECTURE AND COMPLIANCE IN THE ORGANIC FOOD SECTOR: OPPORTUNITIES AND CHALLENGES FOR SUSTAINABLE AGRIBUSINESS



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Abstract

The introduction of the Goods and Services Tax (GST) in India marked a major transformation in the country's indirect tax structure, aiming to create a unified national market and enhance transparency through digital governance. The GST framework operates through an advanced digital infrastructure managed by the Goods and Services Tax Network (GSTN), enabling online registration, return filing, e-invoicing, and data analytics for tax compliance. In recent years, the organic food sector has emerged as an important segment of sustainable agribusiness, driven by growing consumer awareness regarding health, environmental sustainability, and chemical-free agricultural practices. However, organic food enterprises, particularly small farmers, start-ups, and micro-enterprises, often face challenges in understanding and complying with digital GST systems. The study highlights how digital tools such as e-invoicing, automated return filing, and data analytics can enhance transparency and supply chain efficiency in organic food markets. At the same time, issues such as digital literacy gaps, compliance costs, and infrastructural limitations continue to affect small stakeholders. The paper concludes that strengthening digital awareness, improving policy support, and simplifying compliance mechanisms are essential to ensure inclusive growth and sustainability in the organic food sector.

Keywords: *GST, Digital Tax Infrastructure, Organic Food Sector, Sustainable Agribusiness, Compliance, GSTN*

Introduction

The Goods and Services Tax (GST), implemented in India in July 2017, represents one of the most significant tax reforms in the country's fiscal history. It replaced multiple indirect taxes levied by central and state governments with a unified tax system aimed at simplifying compliance and improving tax administration. The backbone of the GST system is its digital architecture managed by the Goods and Services Tax Network (GSTN), which facilitates online tax registration, return filing, invoice matching, and payment processing. The adoption of technology has significantly increased transparency and efficiency in tax governance while reducing tax evasion.

Parallel to these tax reforms, the organic food sector in India has witnessed remarkable growth due to increasing consumer awareness about health, environmental sustainability, and food safety. Organic agriculture avoids the use of synthetic fertilizers and pesticides, promoting ecological balance and biodiversity. The Indian government has also

encouraged organic farming through initiatives such as the Paramparagat Krishi Vikas Yojana and the National Programme for Organic Production.

Despite the rapid expansion of the organic food market, many producers and entrepreneurs face difficulties in complying with GST regulations, particularly because the digital tax infrastructure requires technological knowledge and procedural understanding. Small organic farmers and start-ups often lack adequate digital literacy and financial resources to manage GST compliance efficiently. Therefore, it becomes essential to examine how the digital GST architecture affects compliance in the organic food sector and how it can support sustainable agribusiness development. This paper explores the opportunities provided by digital tax infrastructure as well as the challenges faced by stakeholders in the organic food industry.

Digital Architecture of GST in India

The digital architecture of GST is built upon an integrated information technology platform designed to facilitate seamless tax administration. The Goods and Services Tax Network (GSTN) acts as the central technological backbone, connecting taxpayers, tax authorities, and financial institutions through a unified digital interface. This system enables taxpayers to complete registration, file returns, generate invoices, and track tax liabilities through an online portal.

The introduction of digital tools such as e-invoicing, automated return filing systems, and data analytics has significantly enhanced the efficiency of tax compliance. E-invoicing ensures real-time reporting of business transactions, which improves transparency and reduces the possibility of tax evasion. Furthermore, the use of advanced technologies such as artificial intelligence and machine learning helps tax authorities analyze large volumes of data to detect irregularities and improve compliance monitoring.

For the organic food sector, the digital GST infrastructure provides several advantages. It helps maintain proper records of transactions across the supply chain, from farmers and processors to distributors and retailers. This digital traceability supports the authenticity and certification of organic products, which is crucial for consumer trust and export competitiveness.

Growth of the Organic Food Sector in India

The organic food sector has emerged as one of the fastest-growing segments in India's agricultural economy. Increasing health consciousness, environmental awareness, and rising disposable incomes have encouraged consumers to prefer organic food products over conventionally produced alternatives. Organic farming practices emphasize sustainable agriculture, biodiversity conservation, and soil health, making them essential for long-term ecological balance.

India has significant potential for organic agriculture due to its diverse agro-climatic conditions and large agricultural workforce. The government has introduced various initiatives to promote organic farming, including financial assistance, certification programs, and export promotion policies. As a result, the country has witnessed a steady

increase in the production and consumption of organic food products such as fruits, vegetables, cereals, spices, and processed food items.

Digital marketing platforms and e-commerce channels have further expanded the reach of organic products to urban consumers. However, the integration of organic businesses into the formal tax system under GST has introduced new compliance requirements that many small enterprises find challenging. Understanding these dynamics is crucial for developing policies that support both tax compliance and sustainable agribusiness growth.

GST Compliance in the Organic Food Sector

GST compliance involves a range of procedures including registration, invoice generation, tax calculation, return filing, and record maintenance. For businesses involved in the organic food sector, compliance with GST regulations is essential for participating in formal supply chains and accessing broader markets. Digital systems such as e-invoicing and automated return filing have simplified many aspects of compliance by reducing paperwork and enabling real-time transaction reporting.

Organic food enterprises that adopt digital GST systems benefit from improved transparency and credibility in their operations. Proper documentation and tax compliance enhance trust among consumers, retailers, and export partners. Moreover, digital compliance facilitates better financial management and enables businesses to track sales, inventory, and tax liabilities more efficiently. Small farmers and micro-enterprises often lack adequate digital literacy and access to technological infrastructure required for online tax procedures. The complexity of GST regulations and frequent policy updates can also create confusion among stakeholders. In addition, the cost of hiring professional services for GST compliance may be burdensome for small businesses. Addressing these challenges requires targeted policy interventions and capacity-building initiatives to support the digital transformation of organic agribusiness.

Opportunities for Sustainable Agribusiness

The integration of digital GST systems into the organic food sector offers several opportunities for sustainable agribusiness development. One of the major advantages is the improvement of transparency and traceability across supply chains. Digital invoices and transaction records help track the movement of organic products from farms to consumers, ensuring authenticity and quality assurance.

Another important opportunity lies in the expansion of market access. GST has created a unified national market by eliminating multiple state-level taxes and barriers to interstate trade. Organic food producers can now reach wider markets across the country, enabling them to scale up their businesses and increase profitability. The digital tax infrastructure also supports the growth of e-commerce platforms that promote organic food products to urban consumers. This formalization improves access to financial services such as bank credit, investment opportunities, and government support programs. In the long term, the combination of sustainable agricultural practices and transparent tax systems can contribute to environmentally responsible economic growth.

Conclusion

The digital architecture of GST has significantly transformed tax administration in India by introducing technology-driven systems that enhance transparency, efficiency, and accountability. For the organic food sector, which is rapidly expanding due to increasing consumer demand for sustainable and healthy food products, GST compliance plays a crucial role in integrating businesses into the formal economy. Digital tools such as e-invoicing, online return filing, and data analytics offer significant opportunities for improving supply chain transparency, expanding market access, and strengthening consumer trust in organic products.

However, the transition to digital GST systems has also created challenges, particularly for small farmers and micro-enterprises that lack technological resources and digital literacy. Addressing these challenges requires policy measures aimed at simplifying compliance procedures, enhancing digital infrastructure, and providing training programs for stakeholders in the organic food sector. By promoting inclusive digital governance and supporting sustainable agribusiness practices, GST reforms can contribute to the long-term growth of the organic food industry in India.

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