



## Realizing GST's potential

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The GST is arguably the biggest fiscal reform that the government has embarked on since independence. Not only has it reshaped the Centre-state financial relationship, but it has also altered the way business is conducted in India. However, the deepening economic slowdown is testing the assumptions behind GST. GST was supposed to boost the GDP growth rate by 1-2 percentage points, but exactly the reverse has happened. In all fairness, in a large and economically-diverse country like ours, it will take around 5 years to realize the full potential of GST. However, that is no excuse for complacency. GST in its current form needs further simplification and easier compliance. If that does not happen, it will lead to a rise in litigation, which in turn will increase uncertainty and impact India's investment climate. GST is a work in progress and a lot depends on how skilfully we improvise it.

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