



As GST completes one year, the question is to what extent the Modi government is meeting the objectives. (Image: PTI)

In less than four weeks from now, it will be full one year since India woke up to a new indirect tax regime — the GST. In a grand event inside the Parliament's Central Hall, India [launched the Goods and Services Tax](#) at the stroke of midnight of June 30 and July 1, 2017, after 17 years of deadlock. The GST launch became one of the biggest tax reform in the country that subsumed over a dozen different central and state taxes into one, but with several slabs.

Between then and now, on one hand, the GST has been criticised for being complicated and on the other, hailed for its potential in the formalisation of the Indian economy; it has been slammed for pushing India's GDP to a three-year-low, while praised for hitting Rs 1 trillion collection; it has been censured for [too many tax slabs](#), but is commended as an '[act of courage](#)'. But as India's landmark reform now is about to complete a year, it begs some serious questions.

Questions PM Modi must answer:

“The question that begs an answer is to what extent the government is meeting the objectives that it set out for itself for the first year of GST introduction — in terms of revenue collection, enhancement of tax base, curbing evasion, easing tax compliance and reduction in tax and logistics cost,” Atul Gupta, Senior Director of Deloitte told FE Online. He said that government has been able to meet some of the objectives but the time has come for more transparency in a precise manner.

As the initial hiccups caused by the switch to the GST are largely behind us — given improved monthly GST collection and a robust 7.7% in the fourth quarter of FY18 — it's time for the government to have precise objectives in measurable terms. Despite better GST collection, [tax compliance continues to be a big worry](#). For the month of March, only 69.5% of eligible businesses filed returns until April 30. This 69.5% also includes nil returns. The tax compliance percentage for the month of April was not released.

What's next?

Currently, the E-way bill and the phased [roll-out of single monthly returns](#) in next one year are expected to help in increasing compliance. CRISIL points out that there was anecdotal evidence that many organised retailers and restaurants are continuing with the practice of accepting only cash for the goods and services, which leaves scope for tax evasion.

The government has also established a National Anti-Profiteering Authority to ensure that the benefits of the reduction in the GST rates are passed on to the ultimate consumers by way of a reduction in prices. The authority received a flurry of complaints against even the biggies such as McDonald's, [Honda](#) in last few months and notices were sent to them. Junaid Ahmad of the World Bank told FE Online earlier that once the GST stabilises, the next target has to be the vigorous infrastructural support to make India “one connected market”.

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