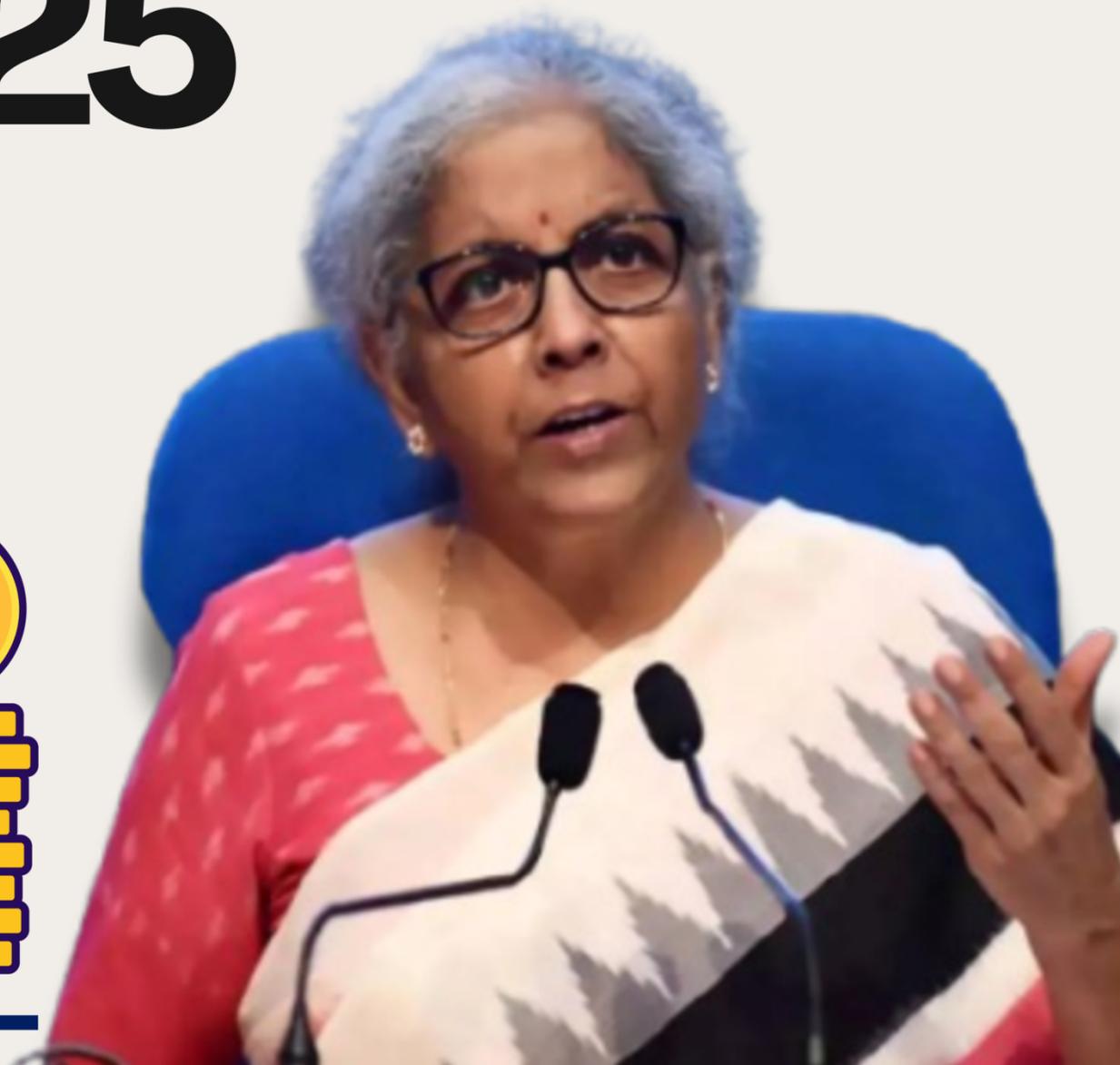


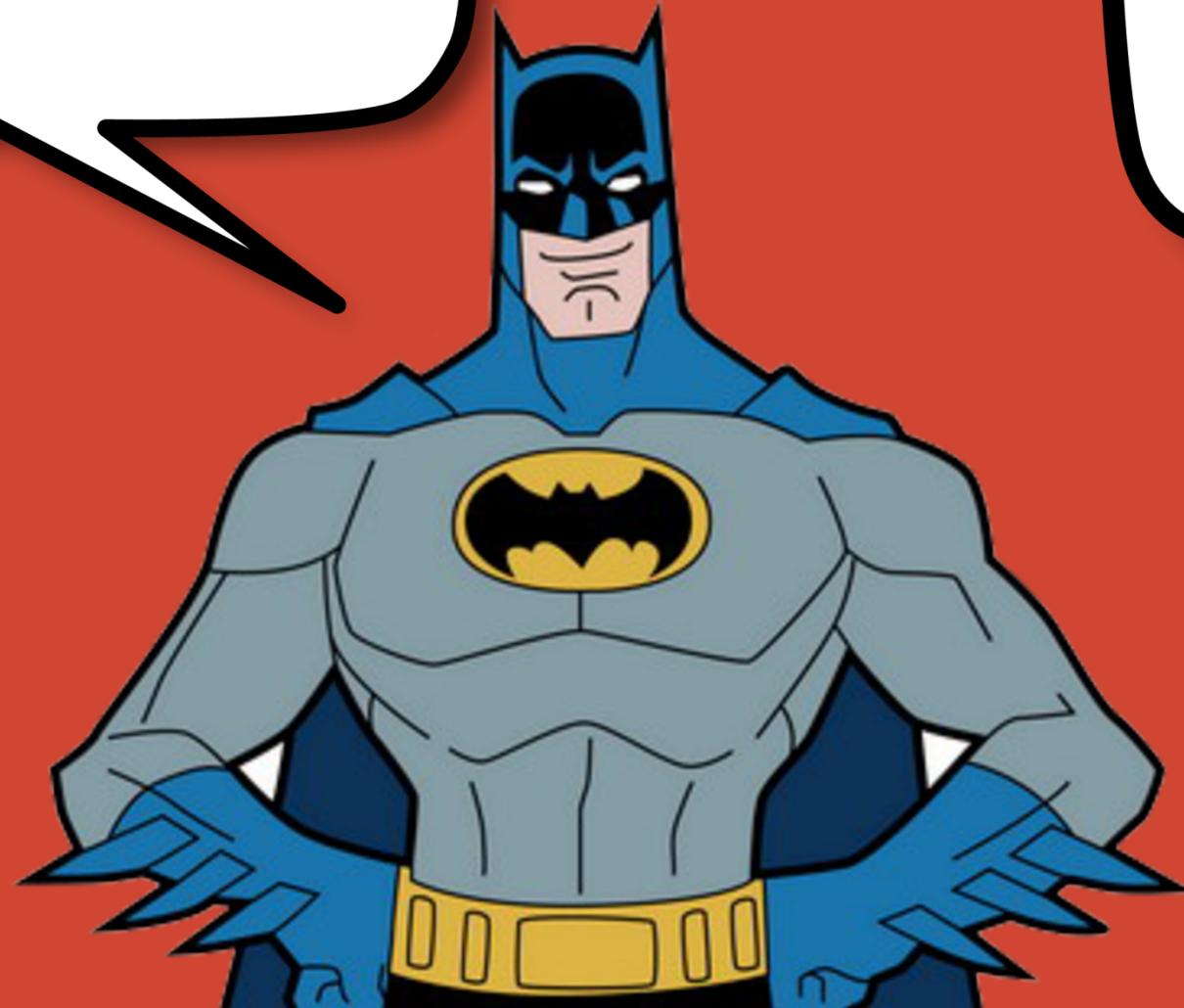
India's Next-Gen GST Reforms 2025

Lighter on the Pocket, Brighter for the Future

Brought to you by



**What is
GST?**



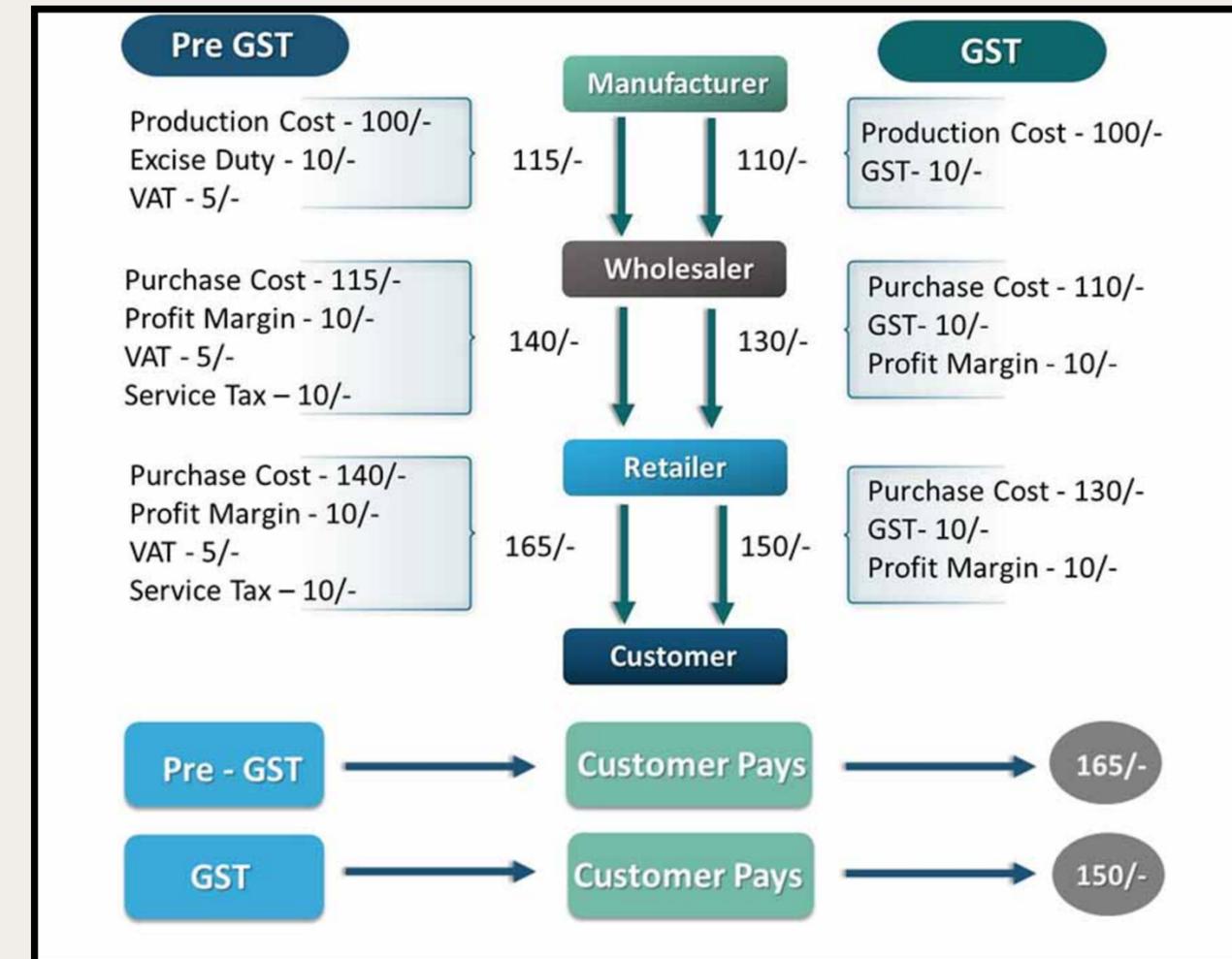
**Good Night,
Sweet
Dreams,
Take Care**



So, Let's Start!!!

Pre-GST Era

- Multiple indirect taxes such as VAT, Octroi, Excise, Service Tax, etc.
- Confusing tax structure creating **Cascading Effect**
- Ambiguity in legal norms causing logistical delays



Introduction of **Goods and Service Tax (GST)** in 2017, unified the indirect tax framework

How Does GST Works?



Raw Material Supplier



Manufacturer



Wholesaler



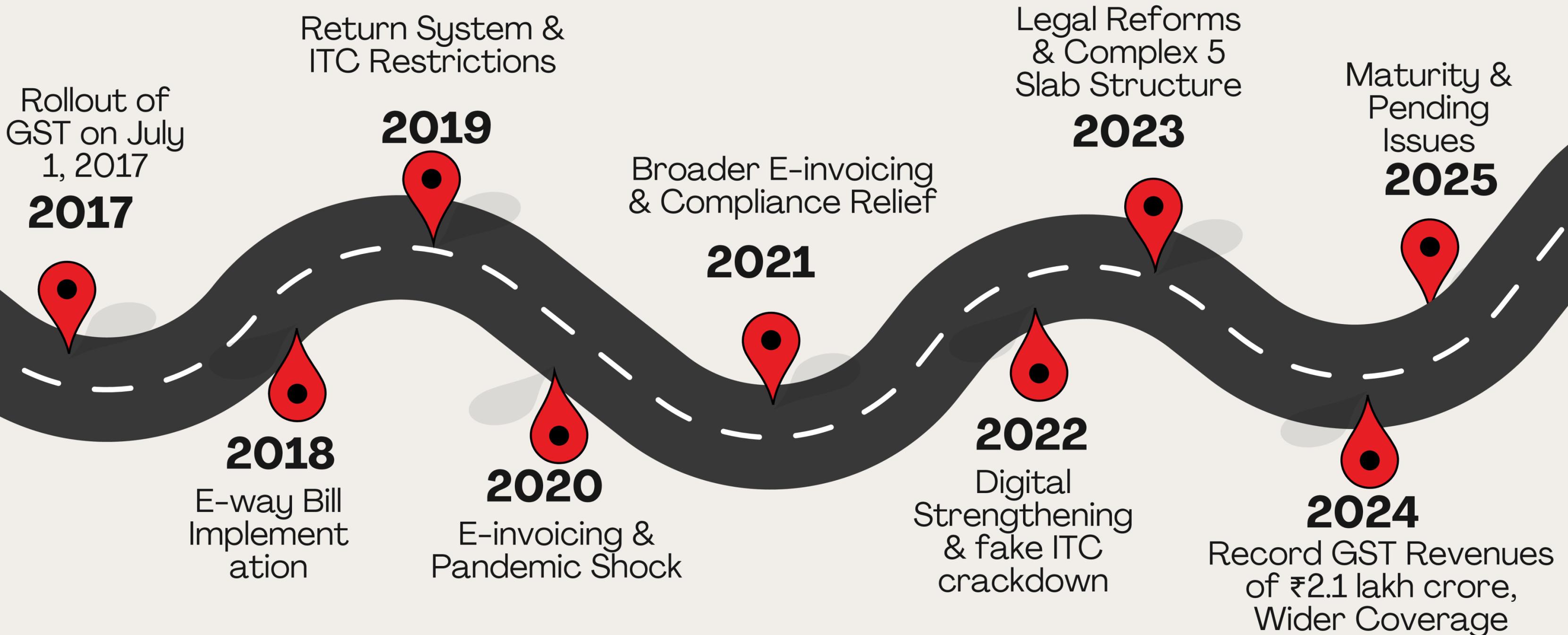
Retailer



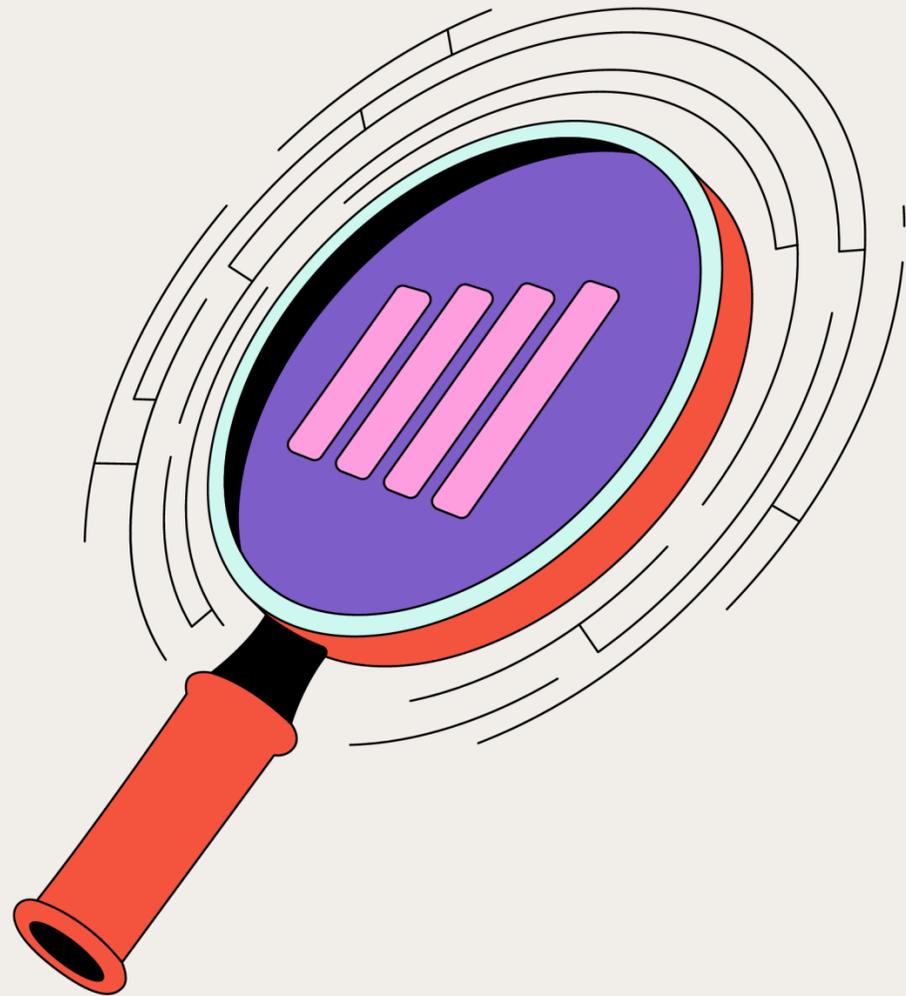
Final Consumer

Cost		₹210	₹325.5	₹341.8	₹358.9
Value Added	₹200	₹100			
GST @5%	₹10	₹15.5	₹16.3	₹17.1	
ITC Available	-	₹10	₹15.5	₹16.3	
Net GST Liability	₹10	₹5.5	₹0.8	₹0.8	

Journey of GST (2017-25)



Limitations of GST



- Complex Rate Structure
- Compliance Burden on Small Businesses
- Evolving business landscape in India and emerging frauds



Newsx

GST Council Meet: 12% GST On Popcorn, 18% GST On Caramel Popcorn



WHEN YOU PAY 18% GST FOR CARAMEL POPCORN

New-Gen GST Reforms 2025

Biggest change in last 8 years

- ▶ **Simplified Tax structure**
- ▶ **Taxes have been cut on around 375 product categories**
- ▶ **Ease of doing business**
- ▶ **The government tends to lose around 48000 crores this quarter, and 6 billion dollars annually**



Simplified Tax Structure



**GOVT. REDUCED GST SLABS
FOR HEALTHCARE, EDUCATION,
DAILY ESSENTIALS & OTHERS**



PRODUCT CATEGORIES AFFECTED

Save Big on Daily Essentials

Items	From	To
Hair Oil, Shampoo, Toothpaste, Toilet Soap Bar, Tooth Brushes, Shaving Cream	18%	5%
Butter, Ghee, Cheese & Dairy Spreads	12%	5%
Pre-packaged Namkeens, Bhujia & Mixtures	12%	5%
Utensils	12%	5%
Feeding Bottles, Napkins for Babies & Clinical Diapers	12%	5%

Uplifting Farmers & Agriculture

Items	From	To
Tractor Tyres & Parts	18%	5%
Tractors	12%	5%
Specified Bio-Pesticides, Micro-Nutrients	12%	5%
Drip Irrigation System & Sprinklers	12%	5%
Agricultural, Horticultural or Forestry Machines	12%	5%

PRODUCT CATEGORIES AFFECTED

Relief in Healthcare Sector

Items	From	To
Individual Health & Life Insurance	18%	0%
Thermometer	12%	5%
Medical Grade Oxygen	12%	5%
All Diagnostic Kits & Reagents	12%	5%
Glucometer & Test Strips	12%	5%
Corrective Spectacles	12%	5%

Affordable Education

Items	From	To
Maps, Charts & Globes	12%	Nil
Pencils, Sharpeners, Crayons & Pastels	12%	Nil
Exercise Books & Notebooks	12%	Nil
Eraser	5%	Nil

Save on Electronic Appliance

Items	From	To
Air Conditioners	28%	18%
Television (above 32") (including LED & LCD TVs)	28%	18%
Monitors & Projectors	28%	18%
Dish Washing Machines	28%	18%

EASE OF DOING BUSINESS

SIMPLIFIED GST REGISTRATION SCHEME

Registration, which earlier took weeks or even months, will now be completed within three days through automated approval.

ACCELERATED REFUND MECHANISM

Refunds, a major challenge under GST 1.0, have now been streamlined.

PROCEDURAL SIMPLIFICATIONS

The GST return process has been condensed into a single return filing, reducing paperwork and errors.

INVERTED DUTY STRUCTURE FIX

Industries such as textiles, footwear, and electronics have long complained about inverted duty structures which are now fixed

EASE OF DOING BUSINESS



Simplified GST Registration Scheme



Accelerated Refund Mechanism



Procedural Simplifications



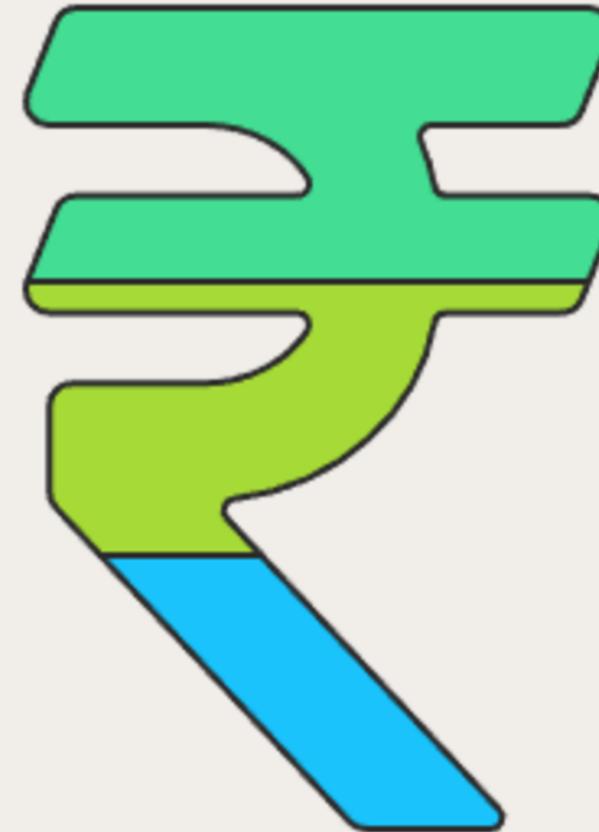
Inverted Duty Structure Fix

GST 2.0 impact: SBI report pegs Centre's revenue loss at Rs 3,700 crore in FY26; consumption, higher tax mop-up ease impact

	For 12 months	
	FY24 base (Govt Estimate)	FY26 base (SBI Estimate)
Gross Loss	93,000	1,11,600
Revenue Gain	45,000	54,000
Consumption Boost	-	3,34,800
Tax revenue boost	-	31,806
Net Loss	-48,000	-25,794
For 6 months		
Net loss	-24,000	-12,897
Centre Share	-6,960	-3,740
FD Impact (% of GDP)	-	-0.011%



Economic Recovery Strategy



Increased Consumption

Lower GST rates boost consumer spending



Economic Growth & Job Creation

Higher demand drives growth and jobs



Expanded Tax Base

More taxpayers offset revenue loss

WILL THE BENEFITS PASS ONTO THE COMSUMERS



- YES, BUT UNEVENLY ACROSS SECTORS OVER TIME
- PARTIAL BENEFITS - SERVICES, LUXURY GOODS, REAL ESTATE
- TIME LAGS IN PASS-THROUGH
- ENFORCEMENT MECHANISMS TO ENSURE BENEFITS





IMMEDIATE IMPACT

- GOVT ESTIMATES ₹48,000 CR ANNUAL REVENUE LOSS (~0.15% OF GDP)
- ANALYSTS WARN LOSSES MAY BE HIGHER (₹1.0–1.8 LAKH CR)
- STATES COULD LOSE ~0.36% OF GDP IN REVENUE

FUTURE PROJECTIONS:

OFFSET FACTORS

- HIGHER CONSUMPTION & GROWTH → BROADER TAX BASE
- SIMPLIFIED SLABS → IMPROVED COMPLIANCE
- 40% SLAB ON LUXURY/SIN GOODS → PARTIAL REVENUE RECOVERY

RISKS

- WEAK PASS-THROUGH OF GST CUTS
- SLOWER GROWTH OR SUPPLY CONSTRAINTS
- STATES DEMAND COMPENSATION, STRAINING CENTRE'S FINANCES



THE MACROECONOMIC PERSPECTIVE

1. FISCAL STIMULUS

- GST RATE CUTS \equiv HIGHER DISPOSABLE INCOME \rightarrow STRONGER CONSUMPTION
- LOWER INPUT COSTS \rightarrow BOOST TO BUSINESS MARGINS & INVESTMENT
- DEMAND PUSH TO GDP GROWTH

2. MONETARY POLICY LINK

- CHEAPER ESSENTIALS \rightarrow MODERATES CPI INFLATION
- RBI GAINS ROOM FOR ACCOMMODATIVE STANCE (STABLE/LOW RATES)
- LOWER BORROWING COSTS \rightarrow CROWDING IN OF PRIVATE INVESTMENT



THE MACROECONOMIC PERSPECTIVE

3. CUSHION AGAINST TARIFFS / GLOBAL SHOCKS

- OFFSETS IMPORTED INFLATION FROM TARIFFS & COMMODITY COSTS
- PROTECTS CONSUMER PURCHASING POWER
- STABILISES EXTERNAL BALANCE

4. STRUCTURAL & LONG-TERM EFFECTS

- SIMPLIFIED GST → LOWER COMPLIANCE COSTS, FEWER DISPUTES
- IMPROVES EFFICIENCY & COMPETITIVENESS → HIGHER POTENTIAL GDP

5. NET MACROECONOMIC IMPACT

- SHORT-RUN: DEMAND-LED GROWTH, STABLE INFLATION
- MEDIUM-RUN: STRONGER INVESTMENT & FORMALISATION
- LONG-RUN: PRODUCTIVITY GAINS, FISCAL STABILITY IF BUOYANCY IMPROVES



THANK YOU!!

See You Next Time!