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**EDITORIAL ANALYSIS**

# Nine Years of GST: The Unfinished Agenda

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CURATED &amp; WRITTEN BY

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# Nine Years of GST: The Unfinished Agenda

 **Business Standard**

1 July 2026

**GS3**

 Source: [ujyari.com](https://ujyari.com) — researched, fact-checked & UPSC-mapped


## INTERVIEW ANGLE

*"GST turned India into one market and lifted collections, and the new two-slab structure has simplified rates. But a reform is judged by what it still leaves out. What is the unfinished agenda?"*

 Source: [Original editorial](#)
**Business Standard**
 **Every fact web-verified against primary sources** (<https://ujyari.com/how-we-verify/>)

## WHY THIS MATTERS NOW

On **July 1, 2026**, GST completed nine years and entered its tenth. The **GST 2.0** reform has simplified rates into a two-slab structure, the taxpayer base has more than doubled and collections have hit record highs. But petroleum, MSME compliance and state autonomy remain open. For an aspirant, this is a core GS3 case on **indirect taxation, cooperative federalism** (<https://ujyari.com/terms/cooperative-federalism/>) and the **ease of doing business**.

## THE CRUX IN 60 WORDS

GST has made India **one market** and lifted collections past **Rs 22 lakh crore**, and **GST 2.0** (from September 2025) cut four slabs to two principal rates of **5% and 18%** plus a **40% demerit rate**. The unfinished agenda: bring **petroleum and electricity** into GST, ease **MSME compliance**, and protect **state revenue autonomy** through the GST Council now that compensation has ended.

## THE ISSUE, DECODED

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CONCEPT	WHAT IT MEANS	WHY IT MATTERS
<b>GST 2.0</b>	Two-slab structure (5% and 18%) plus 40% demerit rate	Simpler rates, fewer classification disputes
<b>Input Tax Credit (ITC)</b>	Credit for tax paid on inputs	Broken when petroleum/electricity stay out
<b>GST Council</b>	Centre-state body setting GST policy	The forum for cooperative fiscal federalism ( <a href="https://ujiyari.com/terms/fiscal-federalism/">https://ujiyari.com/terms/fiscal-federalism/</a> )
<b>Compensation end</b>	Guaranteed revenue top-up now over	Raises states' need for revenue certainty

## THE ANALYSIS: WHAT NINE YEARS BUILT, AND WHAT REMAINS

- ❶ **A unified market.** GST subsumed multiple central and state levies, ended cascading and removed inter-state checkpoints, formalising the economy.
- ❷ **Simpler rates.** GST 2.0 folded four slabs into two principal rates plus a demerit rate, easing disputes and helping households and MSMEs.
- ❸ **The petroleum gap.** Fuel and electricity stay outside GST, breaking the input-credit chain for a large slice of activity.
- ❹ **Compliance and federal trust.** Heavy compliance still burdens small firms, and with compensation ended, protecting state autonomy is now central.

## DATA AND INSTITUTIONS VAULT

*GST launched 1 July 2017; on 1 July 2026 it entered its tenth year. Structure: GST 2.0 (effective September 2025), two principal slabs of 5% and 18%, plus a 40% demerit rate for sin/luxury goods. Numbers: taxpayer base up from about 6.6 million to roughly 16 million; collections over Rs 22 lakh crore (2025-26). Institution: the GST Council (Article 279A), Union Finance Minister as chair; destination-based, dual GST (CGST, SGST, IGST). Concept: input tax credit; cascading; fiscal federalism (<https://ujiyari.com/terms/federalism/>); end of compensation cess guarantee.*

## THE DEBATE

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**Argument that the agenda is unfinished:** Petroleum and electricity outside GST break the credit chain, MSME compliance stays heavy, and post-compensation state autonomy needs protection, so the reform is not yet complete.

**Argument that GST has matured:** A two-slab structure, a doubled taxpayer base and record collections show a working, successful reform; petroleum is genuinely hard to include because states rely on fuel revenue.

**Balanced verdict:** Both hold. GST is a genuine success, not a finished one. The realistic path is a negotiated road map for petroleum and electricity, real MSME simplification, and a strengthened GST Council, not permanent exclusion.

## HOW TO THINK ABOUT THIS (TRANSFERABLE SKILL)

*Any big reform looks impressive by what it covers. The sharper question is what it leaves out and why, because the exclusions reveal the political bargains and the next agenda. Applied to GST, the missing pieces (petroleum, electricity, MSME ease, state autonomy) are the real analytical story.*

## DIAGRAM-IN-WORDS

Pre-2017 fragmented indirect taxes + cascading + checkpoints -> GST 2017: one destination-based tax -> formalisation (taxpayers ~6.6m to ~16m) + rising collections -> GST 2.0 (2025): two slabs + demerit rate -> BUT petroleum/electricity out + MSME compliance heavy + compensation ended -> unfinished agenda -> road map to include fuel + simplify + protect state autonomy via GST Council

## THE WAY FORWARD

- ① **Bring fuel into GST.** Agree a phased, revenue-protected road map to include petroleum products and electricity, restoring the input-credit chain.
- ② **Simplify for MSMEs.** Cut returns and reconciliation burdens, fix input-credit mismatches, and lighten compliance for small firms.
- ③ **Keep rationalising rates.** Consolidate remaining anomalies within the two-slab-plus-demerit structure.
- ④ **Protect state autonomy.** Strengthen the GST Council as a cooperative-federalism forum and give states post-compensation revenue certainty.

## THE TAKEAWAY BOX

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*Credit GST's market unification and GST 2.0 simplification, then argue the unfinished agenda: petroleum and electricity inclusion, MSME compliance and post-compensation fiscal federalism.*

*"GST at nine is a genuine success with an honest to-do list."*

*GST launched 1 July 2017; GST Council under Article 279A; GST 2.0 two-slab (5% and 18%) plus 40% demerit; CGST/SGST/IGST; taxpayer base ~16 million; collections over Rs 22 lakh crore.*

*In cooperative federalism, how should the Centre balance a cleaner national tax against states' fiscal autonomy? What sustains trust once compensation ends?*

*UPSC has asked on GST, cooperative federalism and the GST Council. This editorial ties them to the reform's next decade.*

*fiscal federalism, ease of doing business (<https://ujijari.com/terms/ease-of-doing-business/>), MSMEs, indirect taxation, GST Council, state finances.*

**Sources:** *Business Standard* (<https://www.business-standard.com/opinion>), *GST Council* (<https://gstcouncil.gov.in>), *PIB* (<https://pib.gov.in>)

Source: Nine Years of GST: The Unfinished Agenda — Ujijari.com | Free UPSC & State PCS Editorial Analysis

**KEY ARGUMENTS AT A GLANCE**

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As GST completes nine years and enters its tenth, now simplified into a two-slab GST 2.0 structure, it has unified a fragmented market and lifted collections, but the reform is incomplete until petroleum and electricity are brought in, compliance is eased for MSMEs, and states' revenue autonomy is protected within cooperative federalism.

 **SUPPORTING**

- Keeping petroleum products and electricity outside GST breaks the input tax credit chain and keeps a large slice of the economy in the old cascading regime.
- Compliance complexity, returns, reconciliation and input-credit mismatches still falls hardest on MSMEs, undercutting the simplification GST promised the small firm.
- With compensation ended and revenue-sharing central to trust, protecting state fiscal autonomy through the GST Council is essential to the reform's federal legitimacy.

 **COUNTER**

Supporters point out that GST 2.0's two-slab structure, a taxpayer base that has more than doubled, and record collections show a maturing, successful reform, and that petroleum and electricity are politically and fiscally hard to fold in given how much revenue states draw from them.

 **WAY FORWARD**

Set a road map to bring petroleum and electricity into GST, radically simplify MSME compliance, keep rationalising rates, strengthen the GST Council as a cooperative-federalism forum and secure state revenue certainty.

**MAINS ANSWER FRAMEWORK**Ujijari Current Affairs - [ujijari.com](http://ujijari.com) · Free Daily Current Affairs for UPSC & State PCS**QUESTION**

*"Nine years on, GST has unified India's market and raised revenue, but its agenda remains unfinished."  
Discuss with reference to petroleum inclusion, MSME compliance and fiscal federalism. (250 words)*

**INTRODUCTION**

On July 1, 2026, the Goods and Services Tax completed nine years and entered its tenth. It has done what it promised in headline terms: made India one market and lifted collections.

But a tax reform is judged by what it still leaves out, and GST's agenda is unfinished.

**BODY**

The achievements are real. GST subsumed a tangle of central and state levies into one destination-based tax, ending cascading and cross-border checkpoints, and formalised the economy: the taxpayer base has grown from about 6.6 million at launch to roughly 16 million, and collections have climbed to over Rs 22 lakh crore in 2025-26.

The GST 2.0 reform, effective from September 2025, folded four slabs into two principal rates of 5 and 18 per cent, with a 40 per cent demerit rate for sin and luxury goods, cutting classification disputes and giving relief to households and MSMEs. Yet three gaps define the unfinished agenda.

First, petroleum products and electricity remain outside GST, so a large part of the economy still bears cascading taxes and a broken input-credit chain. Second, compliance remains heavy for small firms: returns, reconciliation and input-credit mismatches burden exactly the MSMEs the reform was meant to help.

Third, with compensation ended, the federal bargain now rests on trust; protecting states' revenue autonomy through the GST Council is central to the reform's legitimacy. The counter, that folding in petroleum is politically and fiscally hard because states depend on fuel revenue, is fair, but it is an argument for a negotiated road map, not permanent exclusion.

**CONCLUSION**

GST at nine is a genuine success with an honest to-do list. Bringing in petroleum and electricity, easing MSME compliance and protecting state autonomy through the GST Council are what turn a good tax into a complete one.

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