

## **Implication of GST on the broader economy and Stock Markets: Stakeholders' perspective by Kuntal Shah**

CFA Society, Pune Chapter hosted a session on “Implication of GST on the broader economy and Stock Markets: stakeholders' perspective” by Mr. Kuntal Shah on 18th August 2017.

The Crux of the Topic was implications of reforms on government finance, corporate profitability, long-term trends, factors to watch out for, impact on broader economy and possibilities ahead.

In his presentation, Kuntal stressed on the computerized economy, digitization that has taken place which will act like scanning machine of every transaction of each individual. It would be possible to keep a trail of all economic activities, and there would be very few loopholes to evade the computerized system. It would improve tax collection for the Government, curb the parallel economy transactions and will have a huge overall positive impact on the broader economy and stock market.

### **Kuntal mentioned following few points about the impact of the introduction of GST :**

- Margins may not improve as dramatically as widely thought that they would. Most of gains/losses in slab changes would be passed on under anti profiteering clause, market share expansion preference, etc
- Transition is chaotic, however, the launch has been decently managed so far
- Wise to ignore the first six months of GST – the most important detail to follow will be the Indirect tax numbers, and direct taxes should shoot up as same entities violates both
- SME business has been forced to enroll because the customers and vendors have started demanding it
- It has led to a tremendous working capital demand in the system at the MSME level
- GST – its misunderstood that tax efficiency is the biggest impact of GST, however, it will be the digitization of records which will be far more valuable
- Four benefits of GST will be Digitization , Enforcement, Analytics and Higher tax base
- Privatization of PSU with a higher cost of capital and lower ROCE
- GST will attract Global pension money, Private Equity money
- IT backed digitisation and reconciliation will increase the efficiency
- There is also automation and analytics being employed in taxes

- Demonetization. GST and RERA has ensured that the bad competition in the real estate will go away

To conclude, it was very well informative and educative session. It was full of realistic illustrations which would help attendees to understand Implication of GST on the broader economy and Stock Markets better.