

# RESET TIME: THE HINDU EDITORIAL ON GST REVENUE GROWTH

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

To enjoy additional benefits

CONNECT WITH US

June 03, 2023 12:15 am | Updated 12:18 am IST

COMMENTS

SHARE

READ LATER

Gross [Goods and Services Tax \(GST\) revenues grew 11.5%](#) to cross 1.57 lakh crore in May. While this marks the slowest growth in six months, with collections 16% lower than April's inflows, a nuanced reading is warranted. April's revenues, which crossed a record 1.87 lakh crore, were bumped up by financial year-end compliances. Although May's collections, for transactions during April, the first month of this financial year, were the lowest in three months, they signal a broader positive trend. While GST revenues have been over the 1.4 lakh mark for 15 successive months, May's revenues mark only the sixth time that GST revenues have crossed the 1.5 lakh crore mark. Four of those occasions have been in 2023. More significantly, even after discounting the April spurt, the average monthly revenues between October 2022 and May 2023 are over 1.53 lakh crore (and 1.57 lakh crore-plus if April's record kitty is included). Revenues have held up despite retail inflation cooling to 4.7% in April and wholesale prices slipping into deflation. Given this backdrop, if price rise continues to ease, 10%-12% growth rates in the GST kitty should be fine even if they seem more solemn than last year.

Initial data on May's economic activity indicate some acceleration. As per the S&P Global Purchasing Managers' Index (PMI), manufacturers had their best month since October 2020, fuel sales rebounded after two patchy months, and wholesale auto sales appear to be speeding, albeit on a low base for some segments. Besides, other compliance- and consumption-led tailwinds could lift revenues in the coming months. Till July, when the GST regime completes six years, the Revenue Department is undertaking a special two-month drive to tackle evasion and fake registrations. A new return scrutiny system has kicked in to prioritise cases with higher revenue implications. From August, e-invoicing will be mandatory for firms with an annual turnover over 5 crore, snipping possible loose ends in the tax trail. That some holders of the withdrawn 2,000 currency notes are looking to spend part of their stash by September 30 may provide some fillip too. If around 1.55 lakh crore is likely to be the new normal for monthly GST revenues, the government must seize this window to expedite the resolution of policy-level anomalies that still haunt the tax. Even if political bandwidth is constricted ahead of the Lok Sabha polls, the GST Council must not dither on what is doable in the short run, such as setting up tribunals, clarifying gaming and casino levies, and drawing up the blueprint for fixing an unwieldy rate structure.

COMMENTS

SHARE

[taxes and duties](#)

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our [community guidelines](#) for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com