

GST collection numbers: What story do numbers say



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“I think statistics go in one ear and out the other. All of us respond to stories more than number” – Koren Zailckas, author of New York Times bestseller *Smashed: Story of a Drunken Girlhood*

Hon’ble Prime Minister Narendra Modi had rightly said, that GST (Goods and Services Tax) is an example of Cooperative Federalism. Our traditional tax systems like income tax, excise, customs, VAT, etc. are levied either by the central government or state government individually. However, with the advent of GST from 1st July 2017, our economy has implemented a tax system wherein the revenue of the central government and the state government are collected jointly in the form of GST. As of April 2024, we are about to complete 7 years of GST implementation. GST collection in this course of time has risen from INR 90,000 crores a month to INR 210,000 crores a month (at its peak so far). While 210,000 crores may be an exceptional figure for April 2024, we have managed to average collection of INR 168,000 crores in fiscal year FY 2023-24. These total numbers include Central Goods and Service Tax (“CGST”), State Goods and Service Tax (“SGST”), Integrated Goods and Service Tax (“IGST”), and compensation cess.

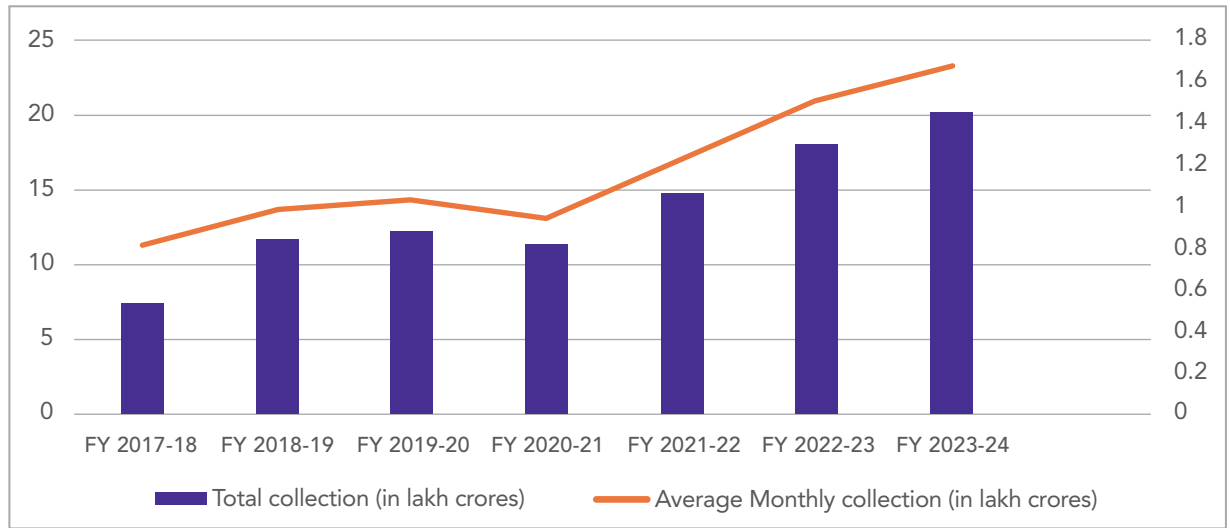
Growth in total GST collection numbers may just be one aspect to look at how GST has worked out for the Indian economy. However, **it would be interesting to delve into other collection data published by the government to understand what story these numbers tell.**

Total yearly collection: we have grown 2.7X

First things first, let’s quickly look at overall GST collection numbers. In the first year of GST implementation (FY 2017-18), total gross GST

collection provisionally stood at 7.41 lakh crores. In the last fiscal year of FY 2023-24, annual gross GST collection totaled INR 20.18 lakh crores. This indicates a 2.7X growth in the annual collection of GST. However, it may be noted that for FY 2017-18, GST was in place for only 9 months and not 12 months for the remaining years. If we look at the average monthly collection, the average monthly collection has grown from 82 thousand crores in FY 2017-18 (considering 9 months) to 1.68 lakh crores in FY 2023-24 i.e. we have grown 2x times.

Fig 1: Depicting Annual GST Collection and Average Monthly Collection



Source: Author data compilation on basis of press release issued by Ministry of Finance on pib.gov.in

Gross GST collection has grown sequentially every year with an exception being FY 2020-21. In the year FY 2020-21, the yearly collection dropped to INR 11.37 lakh crores from INR 12.22 lakh crores in FY 2019-20. This can be attributed to COVID lockdown restrictions, due to which even the GDP growth of the country was impacted. Overall, keeping aside the exception of COVID year, GST collection has consistently contributed incremental funds to government coffers. Below is the chart of annual GST collection and average monthly collections.

collections. Every year, (exception again being April 2020 – COVID period), the GST collection has set a new record of the highest ever monthly collection at that point in time. This fact can be attributed to the reason that GST liability for the month of March (last month of the financial year) is discharged in the month of April. The government has also pointed out this fact in the press release dated 1st May 2018 “it is usually noticed that in the last month of the Financial Year, people also try to pay arrears of some of the previous months also and, therefore, this month’s revenue cannot be taken as trend for the future.”.

April: A Month of Breaking Old Records and Setting New Ones

The month of April has been a bonanza for the government treasury with reportedly high GST

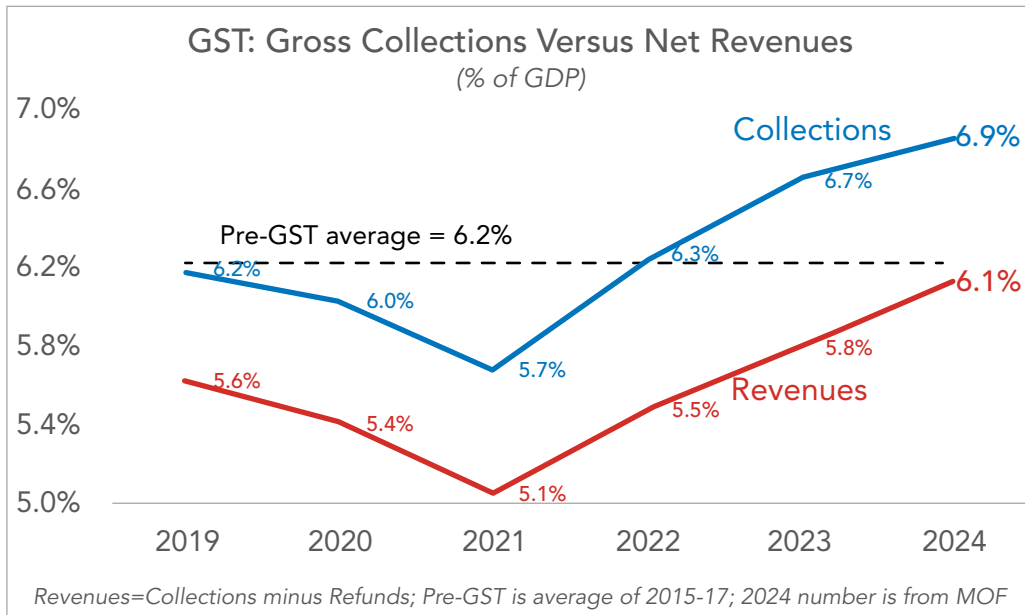
Table-1: GST Revenue of April from 2018-2024

Month	Total collection (in crores)	Whether highest ever at that point of time
Apr-24	210,267	Yes
Apr-23	187,035	Yes
Apr-22	167,540	Yes
Apr-21	141,384	Yes
Apr-19	113,865	Yes
Apr-18	103,458	Yes

Source: Author data compilation on basis of press release issued by Ministry of Finance on pib.gov.in



The unusually high collection figures in April also indicate that there might be a scope for the majority of taxpayers to ensure tax liability is discharged more

Fig 2: Year-on-year GST collection to GDP ratio

Source: Author compilation

effectively on a monthly basis in place of making adjustments at the end of the year.

Rising ratio of GST collection vis-à-vis GDP

As seen above in fig. 2, the total GST collection has been increasing steadily over the years. However, it is also worthwhile to note that the ratio of GST collections vis-à-vis GDP is improving. The gross collection ratio has risen from 6.2% in FY 2019 to 6.9% in FY 2024. Net revenue ratio to GDP ratio has also increased from 5.6% in FY 2019 to 6.1% in FY 2024. The improving GST to GDP ratio may be the result of improved compliance, efforts by the government to curb tax evasion, etc.

Big 6 state contributors: Same states in top 6 across years

The government provides state-wise GST collection data on a monthly basis. These numbers include tax collection pertaining to CGST, SGST, IGST (excluding IGST collected on import), and cess (excluding cess collected on import if any). For all the fiscal years spanning from FY 2017-18 to FY 2023-24, there are 6 states that have been constantly featured in the top 6 contributors. These states are **Maharashtra, Karnataka, Gujarat, Tamil Nadu, Uttar Pradesh** and **Haryana**. These 6 states have contributed to nearly 60% of the total GST collection across the years. **Maharashtra** has held the **top spot** for all the years.

Table-2: Contribution of the top 6 states in total revenue is as under

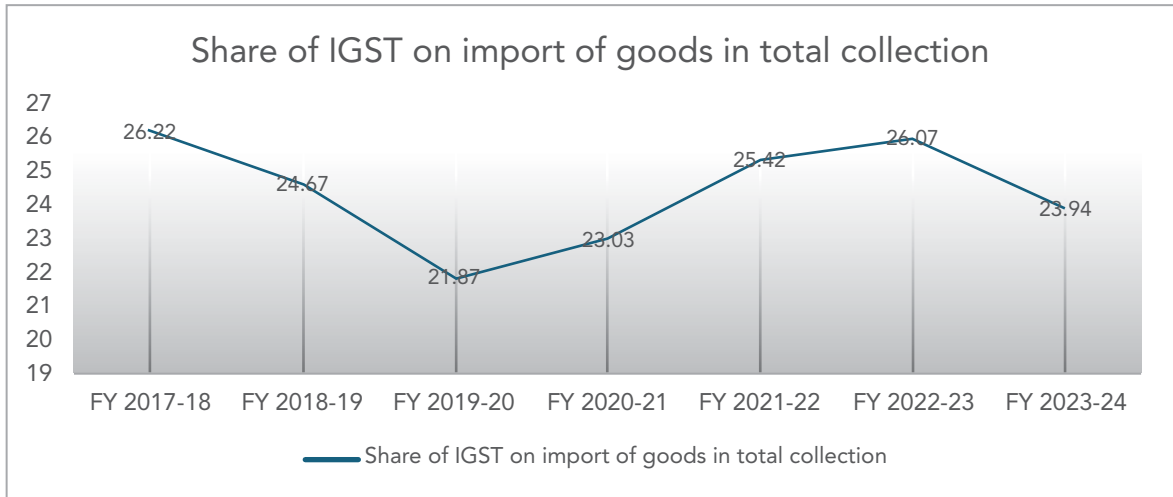
Year	Proportion of share in total revenue (out of 100)
FY 2017-18	58.93
FY 2018-19	58.12
FY 2019-20	57.98
FY 2020-21	57.64
FY 2021-22	58.18
FY 2022-23	59.35
FY 2023-24	60.17

Source: Author Data compilation on basis data available on <https://www.gst.gov.in/download/gststatistics>

Significant share of import of goods on total collection

IGST is levied along with customs duty and various cess on the import of goods in India. The government has received nearly one-fourth of its total GST revenue from IGST levied on the import of goods. This indicates that though indirect taxes like GST are ideally levied on the supply of goods and services within the nation, cross border trade contributes significantly to overall kitty.

Fig 3: Relative portion of IGST on imported goods in total collection can be observed from below graph



Source: Author Data compilation on basis data available on <https://www.gst.gov.in/download/gststatistics>

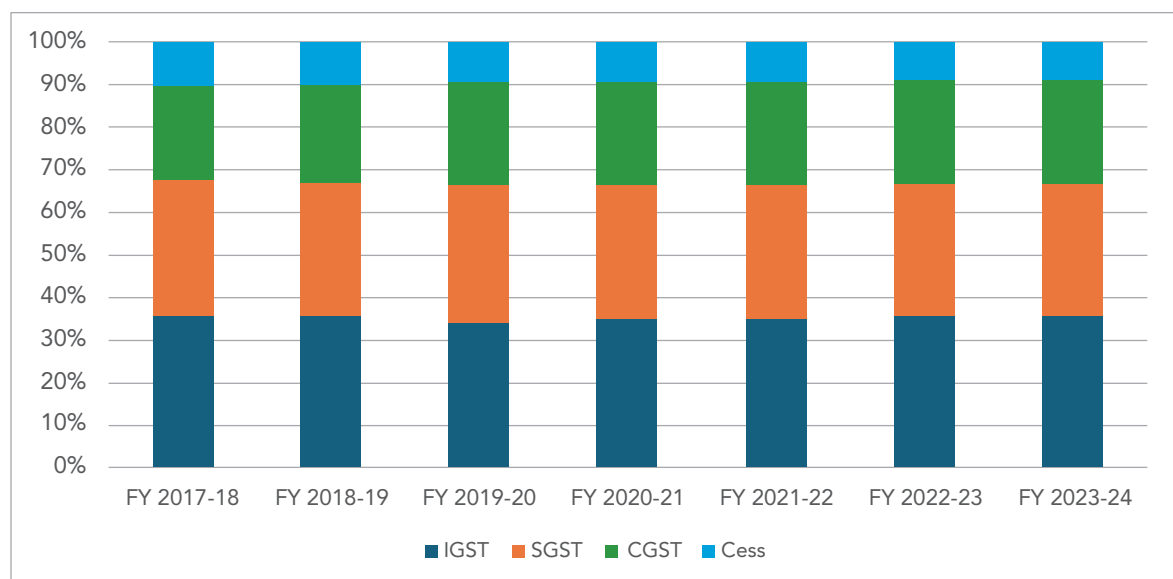
Tax Breakdown: IGST Leads, SGST Surpasses CGST

If we look at the break of tax components in total collection, it is no surprise that IGST (removing IGST on import of goods) has the highest number in terms of tax collection. This is due to the fact that the IGST rate is double of CGST and SGST rate equally in other words, CGST rate + SGST rate = IGST rate. For the purpose of clarity, IGST is levied on inter-state transactions, while CGST and SGST are levied on transactions within the state. It may be noted that by going through actual

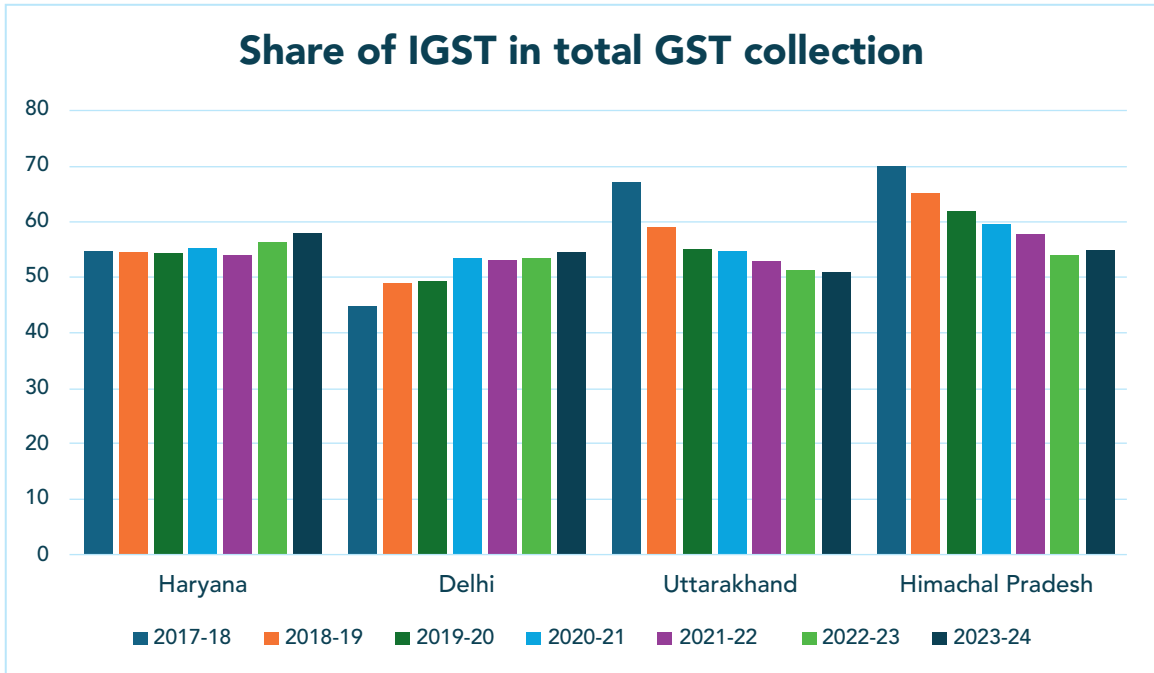
numbers of tax collection, IGST revenue is nowhere equal to the revenue from CGST and SGST combined indicating that the value of intra-state transactions is possibly higher compared to inter-state transactions.

Additionally, the collection of SGST has been significantly more compared to CGST though CGST and SGST are levied at the same rate. This possibly may be attributed to the fact that taxpayers may have utilized IGST input tax credit ("ITC") to utilize CGST liability first and hence, the cash liability towards CGST gets reduced.

Fig 4: Contribution of IGST (excluding IGST on import), CGST, SGST ad Cess in overall collection



Source: Author Data compilation on basis data available on <https://www.gst.gov.in/download/gststatistics>

Fig 5: Share of IGST in total GST collection

Source: Author Data compilation on basis data available on <https://www.gst.gov.in/download/gststatistics>

States with significant IGST contribution in the overall collection

As noted in the fig 4, the share of IGST (excluding import of goods) is roughly about 35% across years. However, there are few states wherein the share of IGST is near to 50% of total revenue. Major such states are Haryana, Delhi, Uttarakhand and Himachal Pradesh. For these states, the share of IGST is equivalent to or greater than 50% in overall collection indicating that the share of inter state transactions holds prominence for these states. The relative contribution of IGST for each of these states can be observed in fig 5.

Contribution of IGST settlement received by state government vis-à-vis SGST collected by state

GST is a consumption-based tax, meaning revenue is allocated to the state where goods or services are consumed. IGST is levied on interstate supplies, which is collected by the Central Government but apportioned to the destination state. Hence, the total revenue for the state government is the total sum SGST collected on intra state sales and IGST settlement received from the central government (additionally compensation cess is also available for the limited number of years).

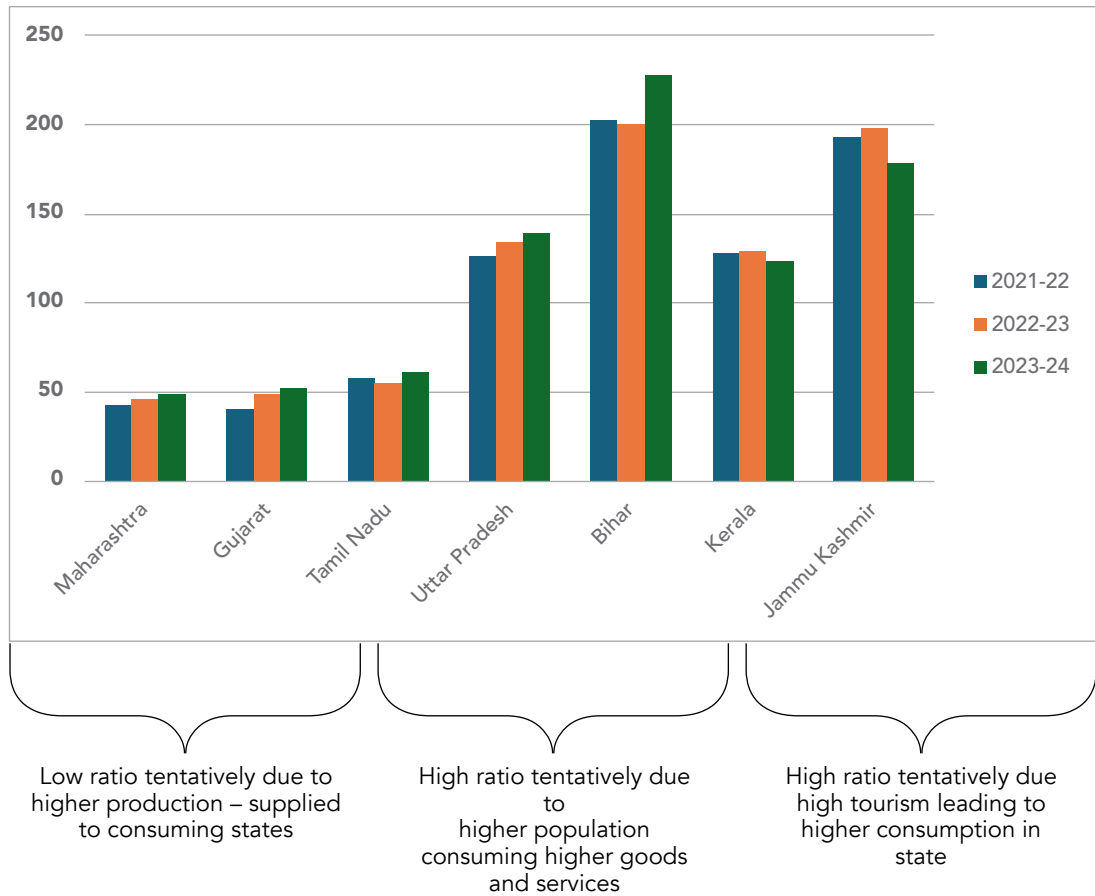
Going through the numbers, the above principle of GST (being consumption-based tax) is aptly depicted.

Collection of SGST has been significantly more compared to CGST though CGST and SGST are levied at the same rate.



Industrialized states like Gujarat, Maharashtra, Tamil Nadu, Karnataka, etc receive less IGST settlement compared to SGST collected by the state. This may be due to the fact that goods/services produced by these states are supplied to other states where it is consumed. Contrarily, there are states that receive higher IGST settlement from the government compared to SGST collected. Based on the numbers, it seems it may be attributable to two reasons i.e. 1) High population leading to higher consumption and 2) High tourism leading to higher consumption.

Fig 6: Ratio of IGST settlement received from central government vis-à-vis SGST collected for sample states with tentative reason



States with different IGST settlement ratio (IGST settlement received / SGST collected * 100)

Source: Author Data compilation on basis data available on <https://www.gst.gov.in/download/gststatistics>

While the above-mentioned may not be the sole reason (with multiple factors playing its own unique role), the numbers back the principles that GST is a consumption-driven state i.e. higher consumption leads to higher revenue.

Public limited companies: Highest contributors to the wallet

After going through the statistics of central and state governments, it may be interesting to look at contributions made by various types of taxpayers. As we had seen in the case state wise revenue collection the top 6 states contribute almost 60% towards GST collection, this figure is even more skewed in the case of the type of taxpayers. **Public Limited companies form only 0.50% of total taxpayers, however, their contribution to total tax collection reaches 34.06%**



as of 30th June 2024. If we see public limited and private limited companies together, 6.69% taxpayers contribute to 62.78% of GST collections. Thus, only 2 types of taxpayers contribute to nearly two-third of total GST collection. In terms of number of taxpayers, Sole Proprietorship firms form 80% of total taxpayers in the country. This underscores the fact that a significant number of small businesses continue to operate in the country. These small sole proprietors contribute to 13.30% of total GST collections.

Table 3: Contributions by each type of taxpayer are as under:

CONSTITUTION OF BUSINESS	Percentage of Tax payers	Percentage of Tax collection
Public Limited Company	0.50%	34.06%
Private Limited Company	6.19%	28.72%
Proprietorship	80.33%	13.30%
Public Sector Undertaking	0.02%	9.72%
Partnership	10.29%	7.31%
Others	0.22%	2.03%
Society/Club/Trust/AOP	0.87%	1.39%
LLP	0.87%	1.41%
Government Department	0.05%	0.81%
Others	0.66%	1.25%
Grand Total	100%	100%

*Status as of 30 June 2024; Return period accounted up to March 2024

*Figures don't include IGST on imports

Source: A statistical report on completion of 7 years of GST available on <https://www.gst.gov.in/download/gststatistics>

Conclusion

Since the introduction of the Goods and Services Tax (GST), it has emerged as a pivotal revenue source for both state governments and the central government

Total revenue for the state government is the total sum SGST collected on intra state sales and IGST settlement received from the central government.



in India. As of date, GST in India is still evolving with the passage of each year. Along with legal provisions, numbers analyzed in this article also tend to evolve with the passage of time. As we move forward, continuous monitoring of GST trends will be essential in shaping effective financial policies and in understanding the economic health of the nation. At the end of the day, what will be certain is that the GST shall continue to be a prominent revenue provider to governments (state and central) and will play a pivotal role in growth and development of the Indian economy.

References

- GST statistics provided on <https://www.gst.gov.in/download/gststatistics>
- Press releases issued by Ministry of finance, the central government on pib.gov.in



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