

REVENUE PERFORMANCE OF THE INDIAN GST SYSTEM- AN EVALUATION

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Abstract

This research paper examines the implementation and impact of the Goods and Services Tax (GST) in India, widely regarded as a landmark reform in the country's tax structure. Utilizing revenue and compliance data from 2018-19 to 2023-24, the study highlights significant trends in national revenue collections and taxpayer filings. Findings indicate a robust growth in revenue, with collections rising from ₹103,459 crore in April 2018 to ₹187,035 crore in April 2024, despite disruptions during the COVID-19 pandemic. The analysis of GSTR1 filings reveals a notable increase in compliance, particularly between 2020-21 and 2021-22, reflecting improved awareness of GST obligations among taxpayers. In contrast, GSTR3B filings exhibited fluctuations, with a significant decline in compliance noted in 2021-22, suggesting challenges in sustaining taxpayer engagement post-pandemic. The paper concludes by proposing targeted strategies to enhance compliance, including ongoing taxpayer education, process simplification, technology utilization, and policy reviews. These recommendations aim to foster a more compliant tax environment, ensuring the continued effectiveness of the GST framework in India.

Keywords: Goods and Services Tax (GST), India, National Revenue Collections, Taxpayer Compliance, GSTR1 Filings, GSTR3B Filings, COVID-19 Impact, Tax Reform, Revenue Growth, Taxpayer Education.

Introduction

Goods and Services Tax (GST) implementation in India has been called "a reform of the century," "a game changer," and "one country-one tax,"

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among other things. It is a noteworthy accomplishment to be able to get products and services in a vast, diversified federal country run by several political parties at both the national and sub-national levels (Mukherjee, S., 2020). The implementation of Goods and Services Tax (GST) in virtually all nations has been a gradual process; in Canada, for example, the GST has been in place for over 30 years and is continually changing at the federal and provincial levels (Bird, 2012).

Table 1: Central and State Taxes Subsumed Under GST

Central Taxes	State Taxes
<ul style="list-style-type: none"> • Central Excise Duty (except five Petroleum and tobacco products) • Additional Excise Duty • Service Tax • Countervailing Customs Duty • Special Additional Duty of Customs. 	<ul style="list-style-type: none"> • State Value Added Tax (VAT)/Sales Tax • (except five petroleum products and alcoholic liquor for human consumption) • Entertainment Tax (other than the tax levied by the local bodies) • Central Sales Tax (levied by the Centre and collected by the States) • Octroi⁶ and Entry tax • Purchase tax • Luxury tax • Taxes on lottery, betting and gambling

Source: CAGI (2019).

The data from Table 1 indicates a robust growth in national revenue collections from 2018-19 to 2023-24, despite notable disruptions in 2020-21. The increasing trend over the years suggests an improving economic landscape, with month-to-month variations illustrating the effects of seasonal economic activities and external shocks. Future analysis may explore the underlying factors contributing to these trends to inform policy and economic strategies.

Table – 1 Monthly National Revenue Collections from 2018-19 to 2023-24 (in Crore)

Collections	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
April	103,459	113,865	32,294	139,708	167,540	187,035
May	94,016	100,289	62,009	97,821	140,885	157,090
June	95,610	99,938	90,917	92,800	144,616	161,497
July	96,483	102,083	87,422	116,393	148,995	165,105
August	93,960	98,203	86,449	112,020	143,612	159,069
September	94,442	91,917	95,480	117,010	147,686	162,712
October	100,710	95,380	105,155	130,127	151,718	172,003
November	97,637	103,491	104,963	131,526	145,867	167,929
December	94,726	103,184	115,174	129,780	149,507	164,882
January	102,503	110,818	119,875	140,986	157,554	172,129
February	97,247	105,366	113,143	133,026	149,577	168,337
March	106,577	97,597	123,902	142,095	160,122	178,484
Annual Average	98,114	101,844	94,731.91	123,608	149,772	168,000

Source: <https://www.gst.gov.in/download/gststatistics.Gstcouncil.gov.in>.

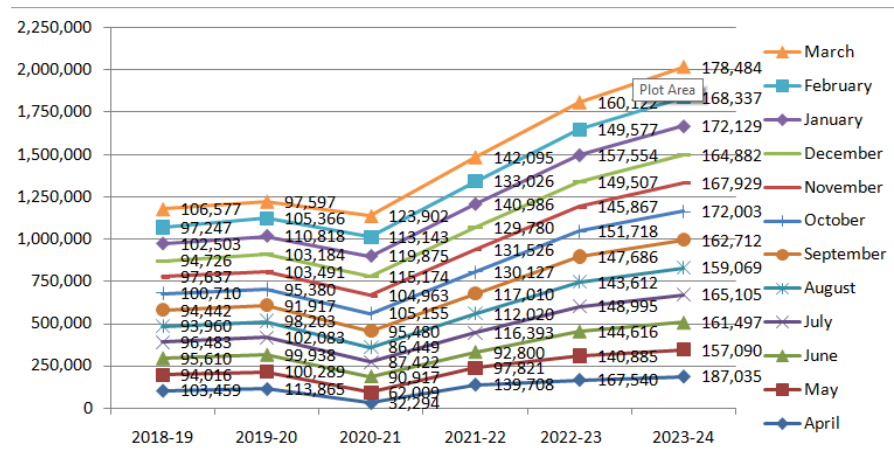
Figure – 1 Monthly National Revenue Collections from 2018-19 to 2023-24(in Crore)

Figure 1 presents the monthly national revenue collections in crores from April 2018 to March 2024. This dataset shows the variations in revenue across different months and years, highlighting trends and significant fluctuations. In April 2018, the revenue collection was ₹103,459 crore, showing a steady increase to ₹187,035 crore by April 2024. Notably, the most significant year-on-year increase occurred between 2021-22 and 2022-23, where April collections rose from ₹139,708 crore to ₹167,540 crore. May collections followed a similar upward trajectory, starting at

₹94,016 crore in 2018-19 and reaching ₹157,090 crore in 2023-24. However, the year 2020-21 saw a substantial dip, with collections dropping to ₹62,009 crore, likely due to the economic impacts of the COVID-19 pandemic.

The annual average revenue collections depict a positive trend over the observed years. The average collection was ₹98,114 crore in 2018-19, which increased to ₹168,000 crore by 2023-24. The most considerable leap occurred between 2020-21 (average ₹94,731.91 crore) and 2021-22 (average ₹123,608 crore), reflecting a recovery post-pandemic.

Table 2 Number of GSTR1 Filing Month wise from 2018-19 to 2021-22 (Lakhs)

	2018-19	2019-20	2020-21	2021-22
April	30,01,817	33,41,857	39,00,202	63,47,750
May	30,38,077	33,48,401	39,13,235	63,61,442
June	79,13,720	84,99,843	91,68,959	1,01,31,735
July	30,96,422	33,74,821	39,87,341	64,44,678
August	31,16,780	33,87,945	40,18,295	65,59,045
September	81,83,662	86,19,917	94,38,279	1,04,16,779
October	31,16,780	34,12,591	40,90,848	65,51,981
November	31,70,352	34,38,627	41,39,930	66,56,618
December	83,59,420	85,04,725	97,62,645	1,02,26,921
January	32,05,261	33,22,929	53,30,393	67,01,662
February	32,09,106	31,57,067	54,44,292	68,05,107
March	84,41,585	61,77,367	1,00,26,316	1,08,17,098
Annual Average	48,21,081	48,82,174	60,93,394	78,35,068

Source: <https://www.gst.gov.in/download/gststatistics>.

Table 2 outlines the monthly GSTR1 filings from April 2018 to March 2022, illustrating significant trends in taxpayer compliance.

In 2018-19, April saw 30,01,817 filings, which fluctuated throughout the year, peaking in March at 84,41,585, resulting in an annual average of 48,21,081. The following year, 2019-20, exhibited similar patterns, with April filings at 33,41,857 and a March peak of 61,77,367, leading to an annual average of 48,82,174.

The fiscal year 2020-21 marked a notable increase in compliance, with April filings rising to 39,00,202 and March reaching 1,00,26,316, yielding an average of 60,93,394. This upward trend continued into 2021-22, where April filings soared to 63,47,750 and culminated in March at 1,08,17,098, achieving an annual average of 78,35,068.

Overall, the data reveals a significant growth in GSTR1 filings over the four years, particularly in the latter two years, indicating improved compliance among taxpayers and an increasing awareness of GST obligations. The peaks in March each year suggest a last-minute surge in filings, a common behavior observed in tax reporting.

Table 3 Number of GSTR3B Filling Month wise from 2018-19 to 2021-22 (Lakhs)

	2018-19	2019-20	2020-21	2021-22
April	79,74,186	87,92,102	95,24,183	65,41,508
May	81,24,629	88,40,788	95,27,800	65,55,856
June	82,38,612	88,77,831	95,91,048	1,04,16,056
July	89,37,908	33,74,821	97,03,900	66,26,467
August	84,53,166	89,80,465	98,04,910	67,56,361
September	85,42,673	90,25,033	98,90,906	1,07,11,252
October	86,29,693	90,66,659	99,94,400	67,34,604
November	86,04,200	91,08,311	1,00,88,226	68,25,374
December	86,88,110	91,45,404	1,01,81,704	1,09,12,624
January	87,55,573	90,84,172	56,10,002	68,61,430
February	88,25,144	88,28,117	57,18,641	69,66,506
March	88,80,875	78,81,433	1,03,90,017	1,10,99,867
Annual Average	85,54,564	8417094	91,68,811	80,83,992

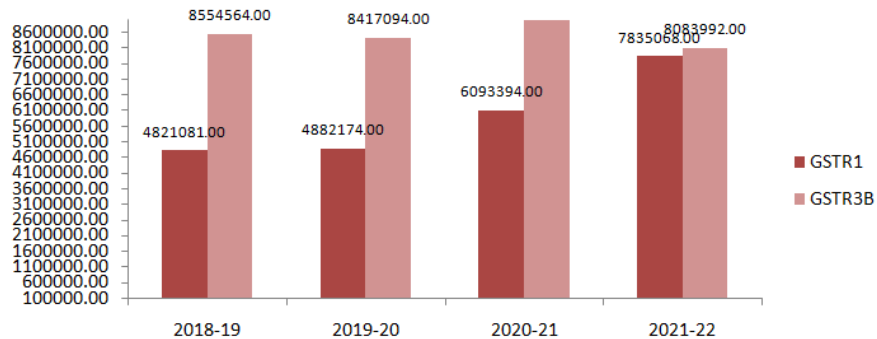
Source: <https://www.gst.gov.in/download/gststatistics>.

Table 3 details the monthly GSTR3B filings from April 2018 to March 2022, revealing patterns in taxpayer compliance with GST regulations. In 2018-19, GSTR3B filings began with 79,74,186 in April, exhibiting a steady increase throughout the year, peaking at 88,80,875 in March, with an annual average of 85,54,564. The trend continued in 2019-20, where filings

started at 87,92,102 in April and reached a peak of 78,81,433 in March, resulting in an average of 84,17,094.

However, the fiscal year 2020-21 saw a more pronounced increase, beginning with 95,24,183 filings in April and culminating in a March peak of 1,03,90,017, achieving an annual average of 91,68,811. This surge reflects heightened compliance efforts among taxpayers. In contrast, the 2021-22 fiscal year presented a significant drop in compliance, with April filings decreasing to 65,41,508 and only peaking at 1,10,99,867 in March, leading to an average of 80,83,992. This decline may suggest challenges in maintaining compliance or changing taxpayer behaviors post-pandemic. Overall, while the data highlights a peak in GSTR3B filings in 2020-21, the drop in the following year raises concerns about sustained compliance, indicating a need for ongoing taxpayer support and education.

Figure – 1 Number of GSTR1 and GSTR3B Filling Month wise from 2018-19 to 2021-22 (Lakhs)



The following year, 2019-20, saw a slight increase in GSTR1 to 4,882,174, but GSTR3B filings dropped to 8,417,094, suggesting potential compliance issues. A turning point occurred in 2020-21, when GSTR1 filings surged to 6,093,394 and GSTR3B increased to 9,168,811, reflecting enhanced taxpayer awareness and compliance. However, in 2021-22, despite GSTR1 filings rising to 7,835,068, GSTR3B filings fell to 8,083,992, raising concerns about consistent reporting practices. Overall, while GSTR1 filings demonstrate an upward trend, the fluctuations in GSTR3B highlight ongoing challenges in compliance that warrants further examination.

Conclusions and Suggestions:

The implementation of the Goods and Services Tax (GST) in India has proven to be a transformative reform, significantly impacting national revenue collections and taxpayer compliance. Analysis of the revenue data from 2018-19 to 2023-24 indicates a robust growth trajectory, with collections rising from ₹103,459 crore in April 2018 to ₹187,035 crore in April 2024. Notably, despite the disruptions caused by the COVID-19 pandemic in 2020-21, a substantial recovery was observed in subsequent years, particularly between 2021-22 and 2022-23. In terms of taxpayer compliance, the data from GSTR1 filings illustrates a marked increase from 2018-19 to 2021-22, indicating improved awareness and adherence to GST obligations. Conversely, GSTR3B filings displayed a more complex trend, with significant fluctuations and a notable decline in compliance during 2021-22. This suggests that while initial compliance efforts were strong, maintaining that momentum has proven challenging in the post-pandemic context. To address the observed decline in GSTR3B filings, ongoing taxpayer education initiatives should be prioritized. Workshops, webinars, and online resources can help clarify GST obligations and filing processes, particularly for new businesses and those struggling with compliance. Simplifying the GSTR filing processes could enhance compliance rates. The government should consider reducing bureaucratic hurdles and providing clear guidelines to make it easier for taxpayers to file their returns accurately and on time. Establishing a robust system for monitoring compliance trends and gathering feedback from taxpayers can help identify areas needing improvement. Regular surveys and engagement with taxpayers can provide valuable insights into challenges faced during the filing process. Targeted Incentives for Timely Compliance: Implementing incentive programs for timely and accurate filing of GSTR3B could motivate taxpayers to adhere to deadlines. Consideration could be given to offering tax credits or reductions for consistent compliance. The use of technology, such as automated reminders for filing due dates and simplified online portals, could significantly enhance compliance rates. Investment in user-

friendly digital platforms can facilitate smoother interactions for taxpayers. Regular reviews of GST policies and their impact on compliance can inform necessary adjustments. Policymakers should remain flexible and responsive to the changing economic landscape and taxpayer needs. By implementing these suggestions, the government can foster a more compliant tax environment, ultimately enhancing the efficacy of the GST framework and ensuring sustained growth in national revenue collections.

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