

Latest trend in GST collection indicates improvement in economic revival in the country. Analyse.

The October 2021 ~~was~~ registered second highest GST collection of 1.3 Lakh crore which means the economy is rebound.

Economic revival

With 18 states registering a record collection and others improving it reflects a sound fiscal stance. The rebound is mainly due to easing lockdown relaxations and mega vaccination drive.

There exists a K-shaped recovery pattern observed between states and sectors. The GST share is one-third tax revenue for the states.

Also in Budget 2021-22 mandatory audit requirement was relaxed for firms whose turnover was more than 5 crore.

Anti evasion measures such as the data mining and detecting fake input tax credits and fake billers have arrested leakage.

Challenges

The compensation due, to the states is underling due to lesser collections and states want to extend the compensation period beyond July 2022.

So a 12% fixed slab can be recommended where 10% to be shared between central and state governments and 2% to local bodies

With GST collections soaring, the governments must ensure socio-economic programs are not stopped due to pandemic or so.