

February's GST revenue at ₹1.49 lakh crore, fourth-highest collection ever

The monthly GST revenue collection, a weathervane of economic health, has been over ₹1.40-lakh crore mark for the past 12 months.



Union finance minister Nirmala Sitharaman chaired the 49th meeting of the Goods and Services Tax (GST) Council at Vigyan Bhavan in February (ANI File Photo)

NEW DELHI: The Goods and Services Tax (GST) revenue in February recorded a 12% year-on-year jump at over ₹1.49 lakh crore, the fourth highest collection ever, and missed the ₹1.5-lakh crore benchmark by ₹423 crore since February is a shorter 28-day month.

Experts said the ₹1,49,577 crore revenue in February was reflective of the robustness of the Indian economy despite strong global headwinds because of the Ukraine war and demand contractions in major economies. However, the GDP numbers released by the National Statistical Office (NSO) on Tuesday showed that the Indian economy grew at a lower-than-expected 4.4% in the third quarter (October-December 2022) of the current financial year because of a contraction in manufacturing and lower growth in consumption.

Abhishek Jain, Partner - Indirect Tax at KPMG in India said the Indian economy is performing well because of the domestic demand. "Interesting data point is 15% higher revenue collections from domestic transactions (including import of services) vis-a-vis 6% higher collections from import transactions, when compared to collections of February month last year. This indicates a growing self-reliance within the domestic market," he said. "The GST collections which had recently established a new normal of ₹1.4 trillion, is now inching towards another normal of ₹1.5 trillion. The fact that

all the large states have reported significant increases ranging from 10% to 24% compared to the same month last year, does indicate that the economic growth and the steps taken to improve compliance are yielding results,” said MS Mani, Partner at Deloitte India.

According to the finance ministry’s data, February saw the highest cess collection of ₹11,931 crore since the implementation of GST, indicating higher consumption of luxury goods.

At the time of launching the GST regime, the law assured states a 14% increase in their annual revenue for five years of the transition period from July 1, 2017 to June 30, 2022, and also guaranteed that the revenue shortfall, if any, would be made good through a compensation cess levied on luxury goods and sin products such as liquor, cigarettes, other tobacco products, aerated water, automobiles, and coal.

While states have no claim on compensation from July 1, 2022, the cess continues till March 31, 2026 to service the back-to-back loans availed by states when compensation cess collection fell in 2020 and 2021 because of a slump in economic activities due to the Covid-19 pandemic.

According to the official data, out of the gross GST revenue collected in the month of February -- reflecting actual transactions undertaken in January – the Central GST (CGST) component was ₹27,662 crore, State GST (SGST) was ₹34,915 crore, Integrated GST (IGST) was ₹75,069 crore (including ₹35,689 crore collected on import of goods) and cess was ₹11,931 crore (including ₹792 crore collected on import of goods).

The government has settled ₹34,770 crore to CGST and ₹29,054 crore to SGST from IGST as regular settlement, it said.

“The total revenue of Centre and the States after regular settlements in the month of February 2023 is ₹62,432 crore for CGST and ₹63,969 crore for the SGST. In addition, the Centre had also released balance GST compensation of ₹16,982 crore for the month of June 2022 and ₹16,524 crore to States/UTs which have sent AG [accountant general] certified figures for previous period,” it added.