

## Automobile, infra development drive U.P's GST revenue growth

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Automobile, infrastructure development, and iron & steel sectors saw the highest GST revenue growth in Uttar Pradesh in 2022-23, with overall growth of 21% despite the lack of compensation from the Centre after June 2022. The government's GST and VAT revenue collection in the last financial year stood at ₹1.8 lakh crore, which is 86% of the ₹1.24 lakh crore revenue target. The automobile sector registered a revenue increase of 47%, while infrastructure development grew by 37% and iron & steel by nearly 21%. Other businesses that showed significant revenue growth include FMCG, electronics, petroleum products, electrical goods, coal and coke, and chemicals.

Automobile, infrastructure development and iron & steel have registered the highest GST revenue growth in Uttar Pradesh in 2022-23, according to a report prepared by the state tax department.



According to the report, the automobile sector registered a revenue increase of 47% in 2022-23.

The overall GST growth in the state in the fiscal that ended last month was found to be 21 per cent over the figure in the previous year, when Covid-19 interrupted economic activities to a large extent, the “business sector-wise collection report” stated.

“2022-23 saw economic buoyancy for the first time since the pandemic began in March 2020 and this resulted in positive growth in most of the sectors with the overall growth staying over 20 per cent despite the fact that U.P. didn’t receive any

compensation from the Centre after June 2022,” a senior department official said.

“Till June, UP received a compensation of around ₹11,000 crore,” he added.

The government’s GST and VAT revenue collection in the last financial year stood at ₹1.8 lakh crore, which is 86 per cent of the ₹1.24 lakh crore revenue target fixed for the year.

According to the report, the automobile sector registered a revenue increase of 47% in 2022-23. While the revenue from the sale of four-wheelers and heavy vehicles in the state grew by over 30 per cent, the growth in revenue from the sale of two-wheelers was over 17 per cent. The two segments brought revenue of ₹4,269 crore and ₹1,475 crore from 416 and 356 dealers, respectively.

Infrastructure development (construction of roads, highways, bridges, etc.), meanwhile, registered the second-highest revenue growth at 37%, contributing a revenue of ₹1,438 crore from 331 dealers.

The iron & steel sector brought revenue of more than ₹3,000 crore to the state exchequer from 868 dealers with the sector having grown at nearly 21%.

Other businesses that registered a significant revenue rise are FMCG (13%), electronics (18%), petroleum products such as lubricants and mobil/2T oil (21%), electrical goods (20%), coal and coke (25% ) and chemicals (15%). Though the GST growth in the cement sector was only 6%, its revenue contribution at ₹2700 crore is one of the highest.

The medicine sector, which is otherwise one of the important sources of revenue, grew at only 2% in 2022-23 over the previous fiscal.

“In 2021-22, medicines were sold more due to the Covid situation with the government spending a lot on the purchase of medicines, Covid-vaccines and booster doses. This is why the sector didn’t grow as much as in the previous fiscal,” another official pointed out.