

A Study on GST Revenue Collection During Post and Pre-Pandemic Situation in Karnataka State

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Abstract - This paper is focused on giving an exact analysis about goods and services tax revenue collection during the pre and post pandemic situation. Entire globe is facing the Covid-19 pandemic, due to this scenario the GDP of the world is declined. Similarly, this study is aims at analyzing the GST revenue collection in the Karnataka state before and after lockdown period. This study is purely based on the secondary data from various websites and journals. The Karnataka state has unfavorable results in the GST collection in the pandemic situation compared to normal course of life and the findings from this study stated that there is decline of 8% in the GST revenue collection comparing to pre pandemic conditions.

Index Terms - Goods and services tax (GST), Karnataka, COVID-19 pandemic, CGST, SGST and IGST.

I.INTRODUCTION

There is a drastic change in the tax system around the world can be noticed from the past three to four decades, due to introduction of new tax reforms around the world. The outcome of those tax reforms is “introduction of Goods and services tax”, in the various countries. France was the first country to implement the goods and services tax in the year 1954. Currently an estimation of 160 countries is implemented goods and services tax including India (according to investopedia.com). India being 161st country to adopt the goods and services tax. Goods and services tax was introduced in India on 1st July 2017. The idea of goods and services tax was first suggested by Atal Bihari Vajpayee government in the year 2000 with recommendations of Vijay kelkar committee. The government created an empowered committee to frame structure of GST, Das Gupta chaired the committee till 2011. After series of development in the process of implementation, finally GST implemented in the 2017.

Concept of goods and services tax

Goods and services tax is comprehensive, multi-stage and destination-based tax. The tax is collected on every stage, i.e., on every addition of value the GST is collected. In other words, the goods and services tax is levied on the supply of the goods and services. GST encircles all the other indirect taxes which was exist earlier and it basically destination-based tax where the ultimate consumer will pay the tax. Let us understand the concept with the following fig 1.



From the above figure it is clear that GST is the destination based and multistage tax. The manufactures, wholesaler and retailer will shift the tax Burdon on the ultimate consumer by availing the Input tax credit if they are registered dealer.

Salient features of Goods and Services Tax

1. It provides two modes of registration for the dealers. The dealers can opt for registration either as a normal dealer or Composite dealer according to Requirements and conditions.
2. It has the concept Reverse charge mechanism. The registered dealer can transact with unregistered dealer by remitting tax on reverse charge mechanism basis by self-invoicing on behalf of unregistered dealer.
3. It eradicate the tax on tax, on the single transaction i.e. Removal of cascading effect.
4. The goods and services are classified according to the codes. For goods Harmonized system for nomenclature (HSN) and for services service accounting code (SAC).
5. It covers all the earlier indirect taxes.

6. It provides Input tax credit deductions for all the normal registered dealers.
7. It possess one tax rate applicable across the country.

Goods and services tax model in India

India is following the Canadian model of GST in levying and administering the goods and services tax. The Canada is the first country to implement the dual model of GST, under this model both state and central government engaged in levying and administering the GST. In India also state and central government plays a major role in implementing the GST. Both state central government establishes Act according to the amendment bill 101 under Indian constitution. i.e. CGST Act, SGST Act and UTGST Act. The state governments will collect the GST and remit it to the central government, further the central government will reimburse GST revenue to the state government. The dual model can be seen in Inter and Intra state supply, when the sales made within the state then it is consider to be Intra state supply, CGST and SGST will comes in levy. Similarly when sales made outside the state then it is said to be Interstate supply, CGST and IGST will comes in levy.

II.OBJECTIVES OF THE STUDY

The following are the objectives of the study

1. To know the concept of Goods and services Tax
2. To study the background of GST in India.
3. To study the Karnataka Goods and services Tax revenue quarter wise.
4. To analyze the Karnataka Goods and services Tax revenue CGST, SGST and IGST wise
5. To analyze the pre and post pandemic conditions and its impact on GST in Karnataka.

III. SCOPE OF THE STUDY

The study is focused on the analyzing the impact of the pandemic situation on the GST revenue collection in Karnataka. All the district of Karnataka and its contribution of GST revenue before and after pandemic lockdown are been studied under this paper.

IV.LITERATURE REVIEW

Akanksha Khurana and Aastha Sharma (2016) – They conducted a study with a view to focus various benefits and opportunities of GST. And later they concluded that GST implementation will definitely benefit producers and consumers although its implementation requires concentrated efforts of all stake holders especially central and state government. Dr. N VisalakshI and Dr.K.Kanaka Raju (2017) – this Research is conducted on overview on GST. The implementation of the GST useful for the eradication of multiple taxes, removes the problems issues in an economy.

Abdul Mansor and Azleen Ilias (2020) – GST has always been considered as a tool in the hands of the government in order to increase the revenue. GST was introduced in Malaysia in order to reduce to budget deficit. It is also observed that the Malaysian economy is adopting GST including various sections of the society.

Kanchana Mukharji (2020) – Over the second half of 2019, and before the outbreak of COVID-19, India's economy was already sputtering with slow growth to 4.7% last year. Further, the unemployment was at a 45-year high, and the Indian industrial output for eight core sectors fell by 5.2% last year.

Mishra and mukesh Kumar (2020) – The COVID-19 shock has changed the scenario, with all the forecasts for 2020 being revised downwards, for instance, India Ratings and Research has cut India's GDP forecast to 3.6% from 5.5% for the financial year 2020-2021.

V.RESEARCH METHODOLOGY

In this research an attempt is made to study and analyze the GST revenue collection in Karnataka during the pre and post pandemic situation. This paper is uses an exploratory research technique based on past data. The research design is descriptive in nature. It is purely based on the secondary data. The data is collected from various reports, journals, articles and websites.

VI.DATA ANALYSIS AND INTERPRETATIONS

The data is collected from 2019 to 2021 that is two financial year 2019-2020 and 2020-2021 for making analysis in Karnataka state. The data is analyzed by considering the CGST SGST and IGST revenue collected by the Karnataka government for past 2

financial year (i.e. post and Pre pandemic lockdown in Karnataka)

Table 1: GST revenue collection for the financial Year 2019-20 (Amount in crores)

Year	Month	CGST	SGST	IGST
2019	April	1913.67	2483.07	2651.14
2019	May	1490.51	2002.48	2223.47
2019	June	1514.80	2050.07	2236.47
2019	July	1609.44	2152.00	2354.19
2019	August	1526.77	2096.53	1921.32
2019	September	1522.24	2061.76	1985.98
2019	October	1613.99	2142.73	2089.67
2019	November	1612.74	2262.25	2387.60
2019	December	1688.89	2220.84	2239.29
2020	January	1787.49	2388.76	2673.76
2020	February	1826.93	2380.61	2516.95
2020	March	1716.85	2230.64	2386.80
2019-20	Total	19,824.32	26,471.74	27,666.64

Source: Department of commercial taxes and Goods and services Tax (GST), government of Karnataka

The above table gives information about the total CGST, SGST and IGST collected by the Karnataka state government during the financial year 2019-2020. The total CGST for the period of 12 months stood at 19,824.32 crores, SGST stood at 26,471.74 crores and IGST stood at 27,666.64 crores. In taking summation of all GST (CGST+SGST+IGST) figure stood at 73,962.7 crores

Table 2: GST revenue collection for the financial Year 2020-21 (Amount in crores)

Year	Month	CGST	SGST	IGST
2020	April	484.21	576.90	930.72
2020	May	1,058.54	1,296.00	1,532.28
2020	June	1,795.58	2,221.70	2,033.28
2020	July	1,412.93	1,841.26	2,055.78
2020	August	1,440.66	1,848.19	1,717.39
2020	September	1,548.22	1,989.73	1,974.56
2020	October	1,597.31	2,086.96	2,549.51
2020	November	1,632.40	2,119.33	2,422.44
2020	December	1,752.69	2,274.82	2,785.19
2021	January	1813.82	2346.21	3101.01
2021	February	1747.06	2230.65	2759.87
2021	March	1878.91	2377.71	2834.15
2020-21	Total	18,162.33	23,209.46	26,696.18

Source: Department of commercial taxes and Goods and services Tax (GST), government of Karnataka

The above table gives information about the total CGST, SGST and IGST collected by the Karnataka state government during the financial year 2020-2021. The total CGST for the period of 12 months stood at 18,162.33 crores, SGST stood at 23,209.46 crores and IGST stood at 26,696.18 crores. In taking summation

of all GST (CGST+SGST+IGST) figure stood at 68,067.97crores

Table 3: Quarter wise GST revenue collection

Quarter	2019-2020			2020-2021		
	CGST	SGS	IGST	CGS	SGS	IGST
Q1	6528.42	8687.62	9465.27	4751.26	5935.86	6552.06
Q2	6275.74	8563.27	8384.57	6218.59	8044.21	8663.9
Q3	7020.17	9220.85	9816.80	7192.48	9229.39	1148.022
TO	19,82	26,47	27,66	18,16	23,20	26,69
TA	4.32	1.74	6.64	2.33	9.46	6.18
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Source: Department of commercial taxes and Goods and services Tax (GST), government of Karnataka

The above table elicit the quarter wise goods and services tax collection from both the financial year (i.e. 2019-20 and 2020-2021) in Karnataka.

Analysis:

Table 1 provides the clear picture of the GST revenue collection before implementation of the Pandemic lockdown that is financial year 2019-2020. The total CGST, SGST and IGST collected were stood at 19,824.32, 26,471.74 & 27,666.64 crores respectively. Similarly table 2 provides details of GST revenue collection for the financial year 2020-2021 in the Karnataka state. The total CGST, SGST and IGST collected were stood at 18,162.33, 23,209.46 and 26,696.18 respectively. By looking at the figures directly we can analyze that there is decline in the GST revenue collection in the financial year 2020-2021 comparing to the financial year 2019-2020 in the Karnataka state.

The total GST collected during the financial year 2019-2020 was Rs.73, 962.7 crores and in 2020-21 was Rs. 68,067.97crores. Comparatively due to lockdown there is decline in GST collection that is 5,894.73 crores was loss to the Karnataka government, i.e. overall 7.9 or 8% decline in GST revenue collection.

Quarter wise analysis

From Table 3 it can be seen quarter wise revenue collection of GST from two financial years (2019-2020 & 2020-2021). The table shows the CGST, SGST and IGST revenue from 3 quarters of two

financial year. The first quarter of FY19-20 in the context of CGST is Rs.6528.42 crores and same quarter in 2020-21 is Rs.4751.26 crores 27.22% decline comparatively. First quarter of both SGST and IGST had decline of 31.60% and 30.77% respectively comparing to both FY.

CGST and SGST status in the second quarter comparing to both financial year is stood at decline in 0.91% and 6.06% respectively. But there is growth of 3.3% in IGST revenue collection in second quarter comparing to both financial year. In 3rd quarter comparing to both financial year there is a progress and growth in revenue collection. The CGST, SGST and IGST had a growth of 2.45%, 0.092% and 16.94% respectively. Over all 8 % decline in revenue collection comparing pre and post COVID-19 pandemic lockdown conditions.

VII.CONCLUSION

From this study it is clear that there is decline in the overall GST revenue collection in the Karnataka state during the financial year 2020-2021 comparing to financial year 2019-2020. The COVID-19 pandemic caused unfavorable conditions in the entire world. Similarly to safe guard the life of the people of Karnataka, government announced lockdown on March 2020 this caused decline in the GST revenue collection as commercial activities are shut down for some period. If we look into the first and second quarter comparison of both financial year there is decline in GST revenue in case of CGST SGST and CGST. After that, 3rd quarter there is slight progress in GST revenue as lock was opened in Karnataka. Finally from this research I can conclude that the GST revenue collection during the pre and post COVID-19 Pandemic condition had unfavorable results. (I.e. decline of 8 % in GST revenue collection.)

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