

INNOVATION mantra for economy

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To mitigate the impact of the pandemic, Kerala's service sectors should leverage innovative approaches to harness technology in ensuring service delivery. Services are more amenable to new technologies and if you can harness technology to a greater extent, much of the losses could be compensated. Kerala experienced a 32% cut in GST revenues during the first half of the fiscal. When GST was implemented, Kerala was expecting a 14% growth in tax revenues next year and the year after, and if that does not come in, the govern-

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ment will be in further trouble. So far, the compensation from the Centre was not adequate enough to cover the GST revenue losses.

The state's fiscal situation depends to a great extent on the 15th Finance Commission's decisions, and on the Union government's commitment to a 14% growth in GST revenue. Because, tax and GDP move in tandem— you can't expect any further growth in GST revenues more than what you expect in GDP. So, it is more exogenous as far as the state is concerned. It depends on how much compensation and devolution you will get and the approach of the Centre towards the state.

The writer is director of Gulati Institute of Finance and Taxation. As told to Shenoy Karun