

GST collection across states: Whither Kerala?

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Though the GST revenue collection for the month of September and October 2020 is often highlighted as a sign of economic recovery from the shock of the pandemic, states are still in the red zone. This is mainly because the loss recorded during the two-quarter period (March to August 2020) outweighs the recent gains. While GST is sloganized as "one nation one tax", the pace of recovery as well as the extent of revenue loss need not necessarily be uniform across states/union territories given the variation in income, population and per-capita GST. This article explores inter-state variation with respect to GST revenue.

The relevant data of the GST collection of each state/union territory were taken from the GST website (www.gst.gov.in) from March to August for years 2019 and 2020. Based on the state-wise population (2011 Census), per-capita GST across states have been estimated. For the present analysis, GST revenue of state/union territory is the sum of SGST (State Goods and Services Tax) and IGST (Integrated Goods and Services Tax) settlement to states. GST devolution from Government of India in accordance with the finance commission is not included as 'State revenue' in this analysis.

GST collection across states

Table 1 presents data on GST revenue collection of 30 states (including Union Territory of Puducherry) of India in the Pre-COVID and COVID period. Pre-COVID period is defined as March to August in the year 2019, and the corresponding period in 2020 is defined as COVID period. The share of five states - Maharashtra, Uttar Pradesh, Tamil Nadu, Karnataka, and Gujarat - is approximately 50 per cent of aggregate states' GST revenue. This

pattern holds good during Pre-COVID and COVID period. This high concentration in GST collection is in sync with their high contribution towards GDP of the country (47.9 per cent) as per the state GDP data for 2018-19. Similarly, they also account for 42.3 per cent of the population as consumers of goods and services. This implies that on an average 1 per cent of population in these states contribute to 1.17 per cent of tax revenue.

Table 1. Pre-Covid and Covid period GST revenue

No.	State/UT	Share in GDP (per cent)	Mar - Aug 2019		Mar - Aug 2020		Revenue Loss (Percent)
			Revenue (Rs. Crore)	Share (per cent)	Revenue (Rs. Crore)	Share (percent)	
1	Maharashtra (MH)	14.58	40131.50	16.30	28192.90	15.80	-29.70
2	Uttar Pradesh (UP)	8.14	23418.30	9.50	16904.00	9.50	-27.80
3	Tamil Nadu (TN)	8.69	20581.20	8.40	13760.20	7.70	-33.10
4	Karnataka (KA)	8.04	20468.60	8.30	16276.70	9.10	-20.50
5	Gujarat (GJ)	8.49	17570.80	7.10	12080.50	6.80	-31.20
6	West Bengal (WB)	5.29	13334.90	5.40	9258.40	5.20	-30.60
7	Telangana (TS)	4.38	11558.30	4.70	8759.50	4.90	-24.20
8	Rajasthan (RJ)	4.85	10980.90	4.50	8102.50	4.50	-26.20
9	Andhra Pradesh (AP)	4.44	9996.70	4.10	7435.70	4.20	-25.60
10	Kerala (KL)	4.00	9837.20	4.00	6523.00	3.70	-33.70
11	Madhya Pradesh (MP)	3.73	9640.70	3.90	6901.30	3.90	-28.40
12	Delhi (DL)	4.22	9142.00	3.70	6541.20	3.70	-28.40
13	Haryana (HR)	3.80	8947.40	3.60	6852.70	3.80	-23.40
14	Bihar (BR)	2.69	7767.20	3.20	6036.50	3.40	-22.30
15	Odisha (OR)	2.73	6463.20	2.60	5550.90	3.10	-14.10
16	Punjab (PB)	2.84	6199.20	2.50	4643.40	2.60	-25.10
17	Assam (AS)	1.67	4247.00	1.70	2959.20	1.70	-30.30
18	Jharkhand (JH)	1.61	4040.40	1.60	2894.90	1.60	-28.40
19	Chhattisgarh (CT)	1.65	3873.60	1.60	3059.40	1.70	-21.00
20	Uttarakhand (UK)	1.38	2517.50	1.00	1638.10	0.90	-34.90
21	Himachal Pradesh (HP)	0.84	1662.20	0.70	1275.10	0.70	-23.30
22	Goa (GA)	0.45	1112.40	0.50	694.70	0.40	-37.60
23	Tripura (TR)	0.26	510.90	0.20	408.50	0.20	-20.00
24	Meghalaya (ML)	0.18	441.50	0.20	267.90	0.20	-39.30
25	Manipur (MN)	0.14	395.50	0.20	274.30	0.20	-30.70
26	Arunachal Pradesh (AP)	0.12	379.00	0.20	307.50	0.20	-18.90
27	Nagaland (NL)	0.13	291.20	0.10	237.50	0.10	-18.40
28	Mizoram (MZ)	0.10	261.10	0.10	197.60	0.10	-24.30
29	Sikkim (SK)	0.13	243.60	0.10	153.20	0.10	-37.10
30	Puducherry (PY)	0.17	154.60	0.10	106.40	0.10	-31.20
	Total	100.00	246168.40	100.00	178293.50	100.00	-27.60

Source: Authors' calculation based on data extracted from www.gst.gov.in

* Data of Jammu and Kashmir, Dama and Diu, Dadra and Nagar Haveli, Lakshadweep, Andaman and Nicobar Island, Ladakh, Other Territory, and CBIC are not taken

When it comes to the next cohort of five states- West Bengal, Telangana, Rajasthan, Andhra Pradesh and Kerala - the share is 22.6 per cent of aggregate states' GST revenue. The share in GDP and population of these states is 23 per cent and 22.6 per cent respectively. It can be observed that share in GST revenue of these states corresponds with the share in GDP. One per cent population in these states on an average contributes to approximately 1 per cent of GST revenue.

Kerala belongs to this cohort and is positioned in 10th rank. However, Kerala's contribution is higher than the other four states' average. This is evident from the fact that 1 per cent of population of Kerala contributes 1.4 per cent to the GST revenue.

The states ranked from 11 to 20 with a population share of 32.5 per cent and GDP share of 26.3 per cent collect 25.5 per cent of total states' GST revenue. These states are Madhya Pradesh, Delhi, Haryana, Bihar, Odisha, Punjab, Assam, Jharkhand, Chhattisgarh, and Uttarakhand. It indicates that on an average each 1 per cent of population contributes 0.79 per cent of GST revenue collection. This implies lower per capita tax collection.

The bottom-ranked 10 states in terms of GST collection are Himachal Pradesh, Goa, Tripura, Meghalaya, Manipur, Arunachal Pradesh, Nagaland, Mizoram, Sikkim, and Puducherry. These states with 2 per cent population share and 2.5 per cent share in GDP collect 2.2 per cent of the GST revenue which suggests higher per capita tax collection. Each 1 per cent population in these states contributes to 1.10 per cent of GST revenue collection. These states though economically backward contribute more than proportionately to country's GST revenue.

The six southern states namely, Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, Kerala, and Puducherry, with a population share of 21.1 per cent and GDP share of 21 per cent collect 29.5 per cent of nation's state GST revenue indicating higher contribution.

Percapita GST collection

The percapita tax collection along with ranking of states is reported in Table 2. The state of Goa with 0.12 per cent share of the total population stands first among the 30 states in the per capita GST collection. During the 6 months period (March - August 2019) every citizen in Goa contributed Rs. 7625 to the state's GST purse. Though Delhi stands second, its contribution is only Rs. 5445 during the same period which is roughly Rs. 2000 less than

Goa. Contribution of the next 5 states ranked as 3 to 7 in their order hovers around Rs. 3500 per head. The next nine states (ranked from 8 to 16) recorded an average per-capita GST of Rs. 2500 and Kerala belongs to this group holding 8th rank with Rs. 2944. The next 13 states (ranked from 17 to 29) contributed on an average Rs.1400 per person. Bihar is ranked as 30th with the lowest contribution of Rs. 746. Among the six southern states, Kerala holds the third position while Karnataka and Telangana are in the first and second positions respectively.

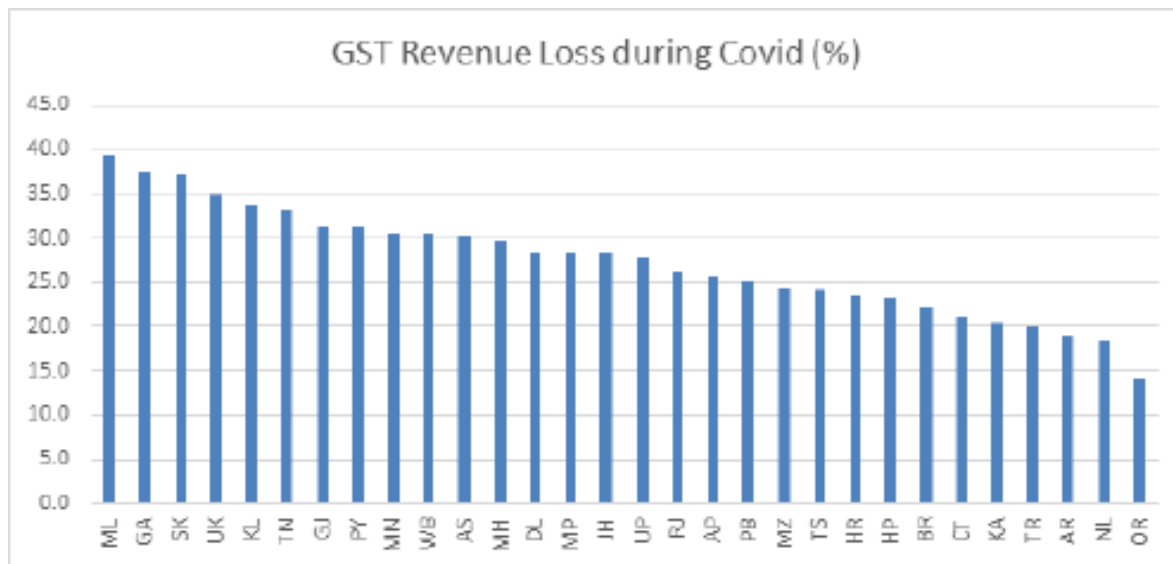
Table 2. Pre-Covid and Covid period percapita GST revenue

No.	State/UT*	Pop. Share (per cent)	Mar - Aug 2019		Mar - Aug 2020	
			Revenu (Rs.)	Rank	Revenu (Rs.)	Rank
1	Goa (GA)	0.1	7625	1	4761	1
2	Delhi (DL)	1.4	5446	2	3896	2
3	Sikkim (SK)	0.1	3987	3	2508	6
4	Maharashtra (MH)	9.4	3571	4	2509	5
5	Haryana (HR)	2.1	3529	5	2703	3
6	Karnataka (KA)	5.1	3350	6	2664	4
7	Telangana (TS)	2.9	3284	7	2489	7
8	Kerala (KL)	2.8	2945	8	1953	10
9	Gujarat (GJ)	5.1	2907	9	1999	9
10	Tamil Nadu (TN)	6	2853	10	1907	11
11	Arunachal Pradesh (AP)	0.1	2738	11	2221	8
12	Uttarakhand (UK)	0.8	2496	12	1624	15
13	Himachal Pradesh (HP)	0.6	2421	13	1857	12
14	Mizoram (MZ)	0.1	2380	14	1801	13
15	Punjab (PB)	2.3	2235	15	1674	14
16	Andhra Pradesh (AP)	4.1	2024	16	1506	16
17	Rajasthan (RJ)	5.7	1602	17	1182	20
18	Odisha (OR)	3.5	1540	18	1322	17
19	Chhattisgarh (CT)	2.1	1516	19	1198	19
20	Meghalaya (ML)	0.2	1488	20	903	26
21	Nagaland (NL)	0.2	1471	21	1200	18
22	West Bengal (WB)	7.6	1461	22	1014	22
23	Tripura (TR)	0.3	1391	23	1112	21
24	Manipur (MN)	0.2	1385	24	960	23
25	Assam (AS)	2.6	1361	25	948	25
26	Madhya Pradesh (MP)	6.1	1327	26	950	24
27	Puducherry (PY)	0.1	1239	27	853	28
28	Jharkhand (JH)	2.8	1225	28	878	27
29	Uttar Pradesh (UP)	16.7	1172	29	846	29
30	Bihar (BR)	8.7	746	30	580	30

Source: Authors' calculation based on data extracted from www.gst.gov.in

Prima-face based on per-capita tax collection, it appears that Kerala's performance vis-à-vis other states in terms of GST collection is better. This could be attributed to the destination based character of GST and Kerala's higher consumer base inter alia on account of higher remittances. Nonetheless, there is reason to believe that Kerala is yet to reach its potential. In

terms of per capita consumption (NSS 68th round) Kerala ranks first among Indian states whereas when it comes to per capita tax collection, its rank drops to eighth position.



Source: Authors' own calculation

State-wise revenue loss of GST

In order to examine the impact of pandemic on GST revenue of the states, the two-quarter period from March to August 2020 is compared with the similar period of 2019. The GST revenue loss is plotted in Figure 1 and reported in Table 1 (last column).

The analysis of the 30 states shows that, on an average, states have lost 27.6 per cent GST revenue in March-August 2020 compared to the same period in the previous year. Orissa is affected only by 14.1 per cent shortfall during the two-quarter period during 2020 whereas Meghalaya is affected the worst, with a GST revenue shortfall of 39.3 per cent. States ranked in 1-5, 6-10, and 21-30 have suffered loss in GST revenue by about 28 per cent. Ten states (ranked from 11 to 20), however, recorded a relatively lower decline in the GST revenue by 25.6 per cent. Among the Southern states, Karnataka is least affected with 20.5 per cent loss in revenue, whereas Kerala has suffered the most during the pandemic with 33.7 percent GST revenue loss.