

Kerala tops in per-capita consumption but slips to 8th place in GST collection

High consumer base works to its advantage

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The destination-based character of Goods and Services Tax (GST) and a high consumer base facilitated by remittances may have helped Kerala score well in terms of per-capita collection from March to August 2020 over the same period in 2019.

But there is reason to believe that Kerala is yet to reach its potential, says a study 'GST collection across States: Whither Kerala' by N Ramalingam and Santosh Kumar Dash, faculty at the think-tank Gulati Institute of Finance and Taxation (GIFT) based in Thiruvananthapuram.

State yet to tap potential

In terms of per capita consumption (NSS 68th round), Kerala tops other States whereas in per capita tax collection, it is in the eighth position. From a per-capita tax collection viewpoint, its performance appears better than many others in terms of GST collections. An analysis of 30 States shows that, on an average, States have lost 27.6 per cent GST revenue in March-August 2020 com-

pared to the same period in the previous year. Odisha was hit by 14.1 per cent drop during 2020 whereas Meghalaya is affected the worst, with a revenue shortfall of as high as 39.3 per cent.

States ranked in 1-5, 6-10, and 21-30 have suffered a revenue loss of about 28 per cent except those ranked 11 to 20, which recorded a relatively lower decline of 25.6 per cent. Among the southern states, Karnataka is least affected with 20.5 per cent, whereas Kerala has suffered the most with 33.7 per cent.

Five top grosser States

The share of five top-grossing states - Maharashtra, Uttar Pradesh, Tamil Nadu, Karnataka, and Gujarat — is

Pre-Covid and post-Covid GST revenue for major States

State/UT*	Share in GDP (%)	Mar-Aug 2019		Mar-Aug 2020		Revenue Loss (%)
		₹ cr	(%)	₹ cr	(%)	
Maharashtra	14.58	40,131.5	16.3	28,192.9	15.8	-29.7
Uttar Pradesh	8.14	23,418.3	9.5	16,904.0	9.5	-27.8
Tamil Nadu	8.69	20,581.2	8.4	13,760.2	7.7	-33.1
Karnataka	8.04	20,468.6	8.3	16,276.7	9.1	-20.5
Gujarat	8.49	17,570.8	7.1	12,080.5	6.8	-31.2
West Bengal	5.29	13,334.9	5.4	9,258.4	5.2	-30.6
Telangana	4.38	11,558.3	4.7	8,759.5	4.9	-24.2
Rajasthan	4.85	10,980.9	4.5	8,102.5	4.5	-26.2
Andhra Pradesh	4.44	9,996.7	4.1	7,435.7	4.2	-25.6
Kerala	4.00	9,837.2	4.0	6,523.0	3.7	-33.7

*Calculated by Gulati Institute of Finance and Taxation based on www.gst.gov.in data

approximately 50 per cent of aggregate state GST revenue.

This pattern holds good during the two comparable periods under reference, the study notes.

This is in sync with their high contribution towards the national GDP (47.9 per cent).

Similarly, they also account for 42.3 per cent of the population as consumers of goods and services. This implies that on an average one per cent of population in these states contribute to 1.17 per cent of tax revenue.

States's aggregate GST share

Among the next cohort of five - West Bengal, Telangana, Rajasthan, Andhra Pradesh and Kerala, the

share is 22.6 per cent of aggregate state GST revenue; share in GDP and population is 23 per cent and 22.6 per cent respectively. One per cent of the population in these States on an average contributes to approximately one per cent of GST revenue.

Here, Kerala drops to the last despite its contribution being higher than the average of the other four - one per cent of the State's population contributes 1.4 per cent to the GST revenue.

The six southern States of 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 a higher 29.5 per cent of nation's state GST revenue.