

# July GST mop-up 2nd highest ever

Collection remains above ₹1.4 trn for fifth straight month

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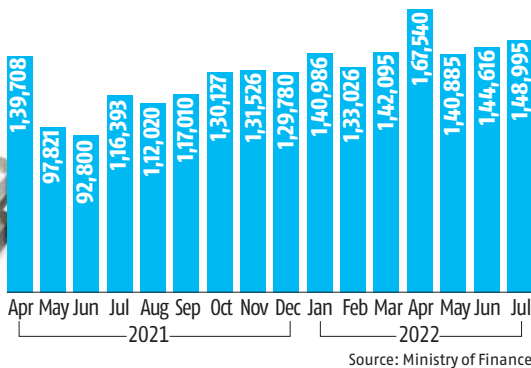
Goods and services tax (GST) collection remained above ₹1.4 trillion for the fifth month in a row, increasing 28 per cent year-on-year (YoY) to nearly ₹1.49 trillion in July. This was the second-highest mop-up since the rollout of the regime.

The uptick is mainly on account of improved economic activities, compliance measures and inflation. The highest-ever mop-up was recorded in April this year (₹1.68 trillion).

“GST revenue has grown 35 per

## MOP-UP TREND

In ₹ crore



cent YoY till July, displaying very high buoyancy,” the finance ministry said while releasing the data on Monday.

The finance ministry also said that this was an impact of various measures taken by the GST Council to ensure better compliance.

“Better reporting, coupled

with economic recovery, has had a positive impact on the revenues on a consistent basis,” the ministry said.

GST collection stood at ₹1.16 trillion in the corresponding period of the previous fiscal year, according to the government data.

## INSIDE

### Auto sales pick up pace as chip headwinds ease



Auto sales showed positive trends in July, signalling that companies have

mitigated the production hurdle caused by semiconductor shortage. But industry executives warned that this improvement could be impacted by any hike in interest rates and commodity price inflation.

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**JULY SEES HIGHEST-EVER UPI TRANSACTIONS**



**MANUFACTURING PMI AT 8-MTH HIGH IN JULY**

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over ₹1 trillion. Jio's decision to buy 700 MHz, which could not be sold in the last two auctions because of a high base price, contributed to the tally.

## July GST...

Of the mop-up in July, Central GST (CGST) stood at ₹25,751 crore, state GST (SGST) ₹32,807 crore, integrated GST (IGST) ₹79,518 crore (including ₹41,420 crore collected on import of goods), and cess mop-up ₹10,920 crore (including ₹995 crore from import of goods).

The data further showed that the number of e-way bill generated in June was 74.5 million, higher than the 73.6 million in May. In July, revenue from import of goods and domestic transactions (including import of services) stood at 48 per cent and 22 per cent higher than the same month last year.

Experts say rising inflation has contributed to the momentum in the revenue collection which could provide a cushion to the states as the guaranteed compensation period ended in June.

“The GST collection reported a healthy trend, rising for the second month in a row, and is a function of the economic recovery, better compliance as well as elevated inflation. With the headline GST collection in July exceeding our monthly average forecast of ₹1.45 trillion for this year, we foresee an upside of ₹1.15 trillion, relative to the FY23 BE for CGST collections,” said Aditi Nayar, chief economist, ICRA.

Notably, over the last three months, inflation has remained above 7 per cent, though it declined from 7.79 per cent in April to 7.04 per cent in May and 7.01 per cent in June.

“The new normal of ₹1.4 trillion, accompanied by the fact that all major states have shown a growth in excess of 15 per cent

over the past year, indicates that economic activities have stabilised and the leakages have been plugged. The uptick in collection would provide some comfort to states which have just come out of the guaranteed compensation period and are concerned about their revenue mobilisation abilities,” said MS Mani, partner, Deloitte India

### State-wise collection

All major states have reported growth above 15 per cent during the period. In absolute terms, Maharashtra collected the highest GST (₹22,129 crore), followed by Karnataka (₹9,795 crore), Gujarat (₹9,183 crore), Tamil Nadu (₹8,449 crore), Uttar Pradesh (₹7,074 crore), Haryana (₹6,791 crore), Telangana (₹4,547 crore), West Bengal (₹4,441 crore), Delhi (₹4,327 crore) and Rajasthan (₹3,671 crore), according to the data. However, the collection figures do not include GST on the import of goods.

## Revenue...

The department over the past few years has come across instances where individuals and entities indulged in pre-meditated F&O transactions to book false profits/losses.

In some cases, it found a significant portion of entities' turnover was in reversal trades in stock options to create fake profits or losses.

“Such trades have been under scrutiny. The data has been shared with assessing officers across the country,” said an assessing officer in know.

To curb this, the department had launched “Project Falcon” in 2018-2019 to deal with such entities and detected tax evasion of nearly ₹10,000 crore in 2019 and 2020, he added. Since the practice continues, it has induced the need for data-led enforcement to

