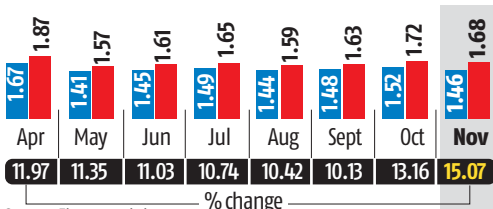


GST mop-up rises 15% to ₹1.68 trn; two-wheeler sales enter fast lane

FROM STRENGTH TO STRENGTH

Monthly GST collection (₹ trn) ■ 2022-23 ■ 2023-24



Source: Finance ministry

INDIVJAL DHASMANA

New Delhi, 1 December

Highlighting continued hectic activity in the Indian economy, goods and services tax (GST) collection surged 15 per cent year-on-year (Y-o-Y) in November — the steepest for any month of this financial year — to ₹1.68 trillion. Positive consumer sentiment was also palpable through the monthly sales figures for cars and two-wheelers as both segments witnessed an annual uptick.

The manufacturing sector gathered pace last month on the back of increasing demand and easing of pricing pressure, with the Purchasing Managers Index (PMI) climbing to 56, according to the survey released by S&P Global. Unified Payment Interface (UPI) transactions clocked a fresh peak in value in November by hitting ₹17.40 trillion, up 1.4 per cent compared to ₹17.16 trillion in October.

Driven by strong festival sales and increased production amid improved semiconductor chip availability, domestic passenger vehicle (PV) wholesales rose 3.9 per cent Y-o-Y to 335,354 units in November. On the other hand, India's leading four two-wheeler companies — Hero MotoCorp, Honda Motorcycle and Scooter India (HMSI), TVS Motor, and Bajaj Auto — posted Y-o-Y wholesales growth ranging between 19 per cent and 77 per cent, owing to a glittery festival season.

Automakers were positive about December, too, citing the ongoing wedding season and strong consumer sentiment, which has been a key factor behind hefty GST collections in FY24 — only two months of this financial year, so far, have yielded less than ₹1.6 trillion. Turn to Page 6 ▶

FINDING TRACTION

Domestic two-wheeler wholesales of major companies (units)

Company	Nov 2022	Nov 2023	Y-o-Y chg (%)
Bajaj Auto	123,657	218,597	76.78
TVS Motor	191,730	287,017	49.70
Hero MotoCorp	390,932	491,050	25.61
Honda Motorcycle & Scooter India	353,540	420,677	18.99

Source: Companies

▶ FESTIVALS SHINE ON CAR SALES 2 ▶

▶ MANUFACTURING PMI RISES AS PRICES EASE 4 ▶

▶ UPI TRANSACTIONS AT FRESH HIGH, BUT VOLUMES DECLINE 4 ▶

shows the total number of people who bought a particular product, such data provides transparency. “However the problem arises when such platforms create a false sense of urgency, where they mention that only one or two products or tickets are available and charge higher price,” said an industry representative . “These guidelines would bring in more ethics into the e-commerce platforms, so that nobody takes consumers for a ride.” The guidelines provide a list of specified dark patterns including false urgency, basket sneaking, confirm shaming, forced action, subscription trap, interface interference, bait and switch, drip pricing, disguise advertisement, nagging, trick question, Saas billing and rogue malwares.

GST...

The continued healthy GST collections should provide a steady flow of revenue to the central exchequer to meet the rising revenue expenditure and devolution to states, which have not been getting compensation after June this year.

The collections in November, however, moderated by ₹4,000 crore sequentially from ₹1.72 trillion in October, showed data released by the finance ministry on Friday. The November data mainly relates to activity in October.

The 15 per cent Y-o-Y

growth in November came despite weak external conditions. Domestic transactions, including the import of services, yielded 20 per cent Y-o-Y growth in the GST collection last month.

“Increased GST revenues are primarily on account of increased domestic activity and tax administration. The numbers can be said to be an indicator of a stable Indian economy,” said Saurabh Agarwal, tax partner at EY.

On tax administration, some experts, however, had critical observations. Vivek Jalan, partner at Tax Connect Advisory, said the GST departments have seen heightened activity this financial year because notice-issuing time will come to an end by the end of this calendar year for 2018-19. “This has resulted in burgeoning revenues as demands are issued by the departments and pre-deposits are collected, even as taxpayers go to appeals,” he said.

Agarwal said fostering a conducive business environment is essential to further bolster collections. “This can be achieved by expediting the adjudication process and providing relief to taxpayers from the recent spike in show-cause notices issued by GST authorities,” he said.

*With inputs from Deepak Patel
and Sohini Das*