

## A Study of Pre and Post-Pandemic Impact on GST Revenue Collection in India

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### ABSTRACT:

*The Covid-19 Pandemic had a significant impact on GST revenue collection in India. During Pandemic, GST revenue collection has fallen due to number of factors such as the economic slowdown, the closure of business and decline in consumer spending during pandemic and post pandemic period. The economic slowdown was caused by the lockdown and other restrictions which were imposed to curtail the spread of virus. There was a huge closure of businesses i.e. small and medium enterprises which led to job losses and decline in income, which in resulting decrease the consumer spending. It was due to uncertainty about the future and decrease in disposable income. The government took a number of measures to mitigate the impact of Covid-19 on GST revenue collection in India. These measures included waving of late fees and penalties for delayed GST payments, extending the deadline for filing GST returns and providing financial assistance to businesses. This paper will study the post pandemic impact on GST revenue collection in India. The paper will use data from the ministry of finance and goods and service tax council to analyze the trends in GST revenue collection before and after pandemic. This paper will also identify the key factors that have contributed to the decline in GST revenue collection during the pandemic.*

**KEYWORDS:** Goods and Service tax, GST revenue, Indian Economy

### INTRODUCTION:

The Covid 19 pandemic has affected the global economy as a whole, the pandemic has very deep setting and highly destructive impact on the Indian economy. The Covid 19 pandemic has adversely affected the normal functioning of Indian economy in India, it has affected all the sectors. GST revenue collection shows the financial strength and vitality of a country. It serves as an important Index of a country's financial position. Goods and services tax collection are considered as the benchmark for the economic growth as –

1. Fill the financial gap which reduces government fiscal deficit.
2. Larger GST revenue collection will indicate good financial health of a country.
3. Due to rise in GST revenue collection it indicates that consumers are increasingly purchasing products and using services on which GST is applicable.

Majority Indirect taxes levied by the Indian state government on goods and services have been subsumed in GST. GST has a significant effect on the economy affecting wide range of industries

in various ways. GST has been made applicable to promote transparency and making the taxation procedure easier one Nation one tax.

### **REVIEW OF LITERATURE:**

Various studies have been undertaken to analyze the impact of GST on Indian economy. It has also been studied with the effect of Covid 19 pandemic, that how adversely the covid-19 has affected various sectors of the economy. Many studies have been conducted in which as in 2014 Nishita Gupta in her study stated that the implementation of GST in the Indian framework will lead to the benefits, which were untouched by VAT system and would essentially lead to economic development has GST may rise the possibility of collective gain for industry trade agriculture and common consumers as well as for the central government and the state government. Secondly Jaiprakash in 2014 in his research study mention that GST at the Central and state level are expected to give more relief to industry trade agriculture and consumers. Dr Maithili in her paper of the impact assessment on GST revenue collection and distribution in India due to first wave of over 19 Pandemic has tried to analyze the impact of pandemic on GST revenue collection has found there is a sharp decline in GST revenue during this period. Economics survey 2022-23 displays the impact of post pandemic on various sectors of Indian economy with facts and figures.

### **OBJECTIVE OF THE STUDY:**

The overall objective of this paper is to examine the pre and post pandemic impact of covid19 on GST revenue collection and distribution in India.

### **RESEARCH QUESTION:**

This research paper will analyze post pandemic impact revenue collection in India that how GST revenue collection has changed during the pandemic and before and after pandemic in India.

### **RESEARCH METHODOLOGY:**

#### **Data**

This study is based on secondary data the secondary data is collected from newspapers papers studies economics survey reputed journals and government websites etc.

#### **Hypothesis**

Based on the review of literature and objectives the present study attempts to study the impact pandemic on GST revenue collection by formulating hypothesis as Null hypothesis there is no significant impact on GST revenue collection of India before and after Pandemic.

#### **Sources and data collection**

Our study is based on secondary data that is published GST revenue data on govt websites.

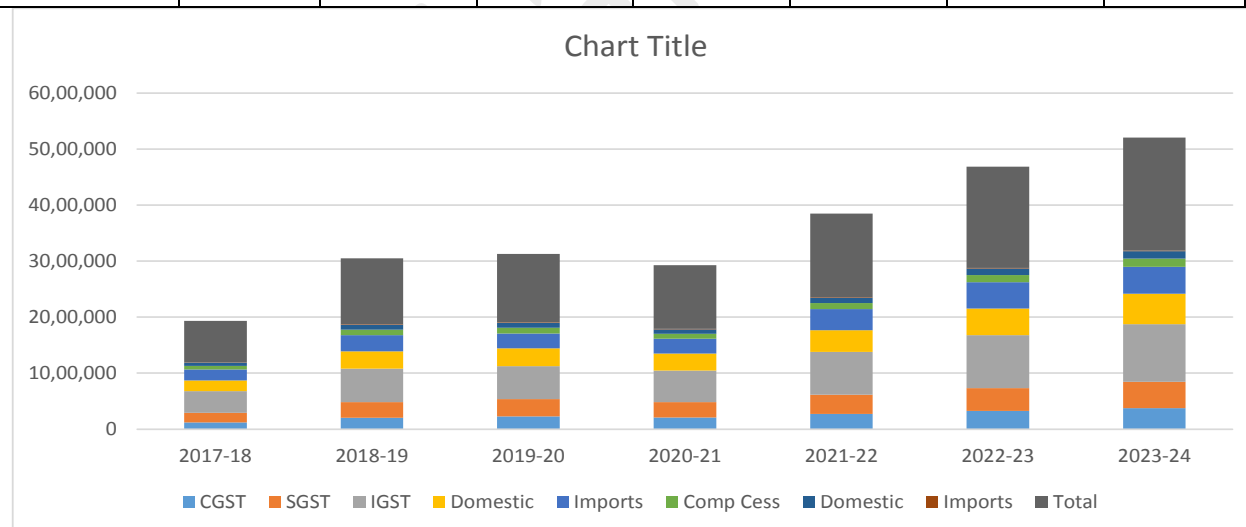
## GST Revenue Collection (Payments to Govt-July 2017 to March 2024)

(Figures in crores )

\*Source: [www.gst.gov.in/download/gststatistics](http://www.gst.gov.in/download/gststatistics)

### Graphical Presentation

Particulars	2017-18	2018-19	2019-20	2020-21	2021- 22	2022-23	2023-24
<b>CGST</b>	1,18,876	2,02,444	2,27,442	2,09,916	2,70,701	3,23,923	3,75,710
<b>SGST</b>	1,71,803	2,78,817	3,09,231	2,72,827	3,46,186	4,10,251	471195
<b>IGST *</b>	3,87,355	5,98,739	5,86,698	5,65,720	7,63,632	9,45,220	1026789
<b>Domestic</b>	193092	308244	319422	303947	386676	473421	543704
<b>Imports</b>	1,94,264	290496	267277	261773	376956	471799	483085
<b>Comp Cess*</b>	62,614	97,369	98,745	88,338	1,07,708	1,28,286	1,44555
<b>Domestic</b>	56319	87289	88304	79153	98918	117390	132639
<b>Imports</b>	6294	10079	10443	9185	8790	10896	11915
<b>Total</b>	7,40,648	11,77,369	12,22,116	11,36,801	14,88,227	18,07,680	2018249



Source: Researcher`s Calculation

### Analysis:

**Comparative Analysis of Pre- and Post Pandemic impact on GST Revenue Collection in India**  
Calculating CAGR:

- Formula:  $CAGR = [(Ending\ Value / Beginning\ Value)^{(1 / Number\ of\ Years)}] - 1$

### CAGR Calculations (using Total GST Revenue):

We'll calculate CAGR for different periods to understand the growth trajectory:

- **FY 2017-18 to FY 2023-24 (Entire Period):**
  - Beginning Value (2017-18): ₹7,40,648 crore
  - Ending Value (2023-24): ₹20,18,249 crore
  - Number of Years: 6
  - $CAGR = [(20,18,249 / 7,40,648)^{(1/6)}] - 1 = [(2.72)^{(0.1667)}] - 1 \approx 0.18$  or 18%
- **FY 2017-18 to FY 2019-20 (Initial Period):**
  - Beginning Value (2017-18): ₹7,40,648 crore
  - Ending Value (2019-20): ₹12,22,116 crore
  - Number of Years: 2
  - $CAGR = [(12,22,116 / 7,40,648)^{(1/2)}] - 1 = [(1.65)^{(0.5)}] - 1 \approx 0.28$  or 28%
- **FY 2019-20 to FY 2023-24 (Later Period):**
  - Beginning Value (2019-20): ₹12,22,116 crore
  - Ending Value (2023-24): ₹20,18,249 crore
  - Number of Years: 4
  - $CAGR = [(20,18,249 / 12,22,116)^{(1/4)}] - 1 = [(1.65)^{(0.25)}] - 1 \approx 0.13$  or 13%

### Observations from CAGR:

- The overall CAGR for the entire period (2017-18 to 2023-24) is approximately 18%.
- The initial period (2017-18 to 2019-20) saw a much higher growth rate of approximately 28%.
- The growth rate slowed down in the later period (2019-20 to 2023-24) to approximately 13%. This could be due to various factors, including economic slowdown, the COVID-19 pandemic, and stabilization of the GST system.

### Year-on-Year Growth Rates:

This measures the percentage change in revenue from one fiscal year to the next. This helps in understanding the short-term fluctuations in revenue collection.

- **Formula:**  $[(\text{Current Year Revenue} - \text{Previous Year Revenue}) / \text{Previous Year Revenue}] * 100$

Fiscal Year	Total GST Revenue (₹ Crore)	Year-on-Year Growth (%)
2017-18	740648	-
2018-19	1177369	59%
2019-20	1222116	3.8%
2020-21	1136801	-7%
2021-22	1488227	31%
2022-23	1807680	21.5%
2023-24	2018249	11.7%

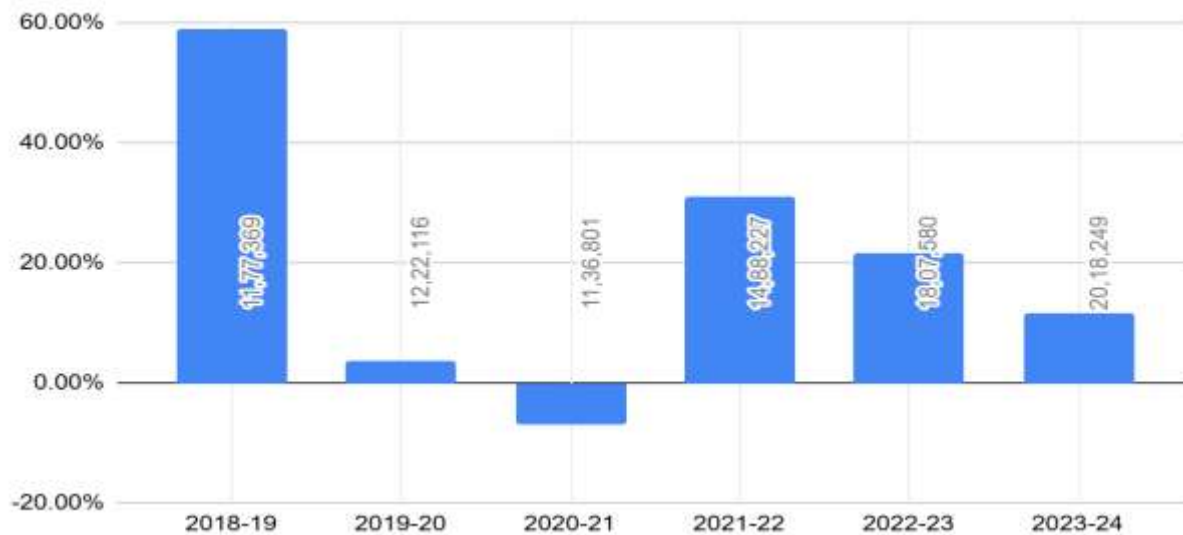
Source\*: [www.gst.gov.in/download/gststatistics](http://www.gst.gov.in/download/gststatistics) and Researcher's calculation

### Calculations:

Here's how I calculated the year-on-year growth rates:

- **2018-19:**  $[(11,77,369 - 7,40,648) / 7,40,648] * 100 = 59.0\%$
- **2019-20:**  $[(12,22,116 - 11,77,369) / 11,77,369] * 100 = 3.8\%$
- **2020-21:**  $[(11,36,801 - 12,22,116) / 12,22,116] * 100 = -7.0\%$
- **2021-22:**  $[(14,88,227 - 11,36,801) / 11,36,801] * 100 = 31.0\%$
- **2022-23:**  $[(18,07,580 - 14,88,227) / 14,88,227] * 100 = 21.5\%$
- **2023-24:**  $[(20,18,249 - 18,07,580) / 18,07,580] * 100 = 11.7\%$

### Graphical Presentation:



### Key Observations:

- The initial year after GST implementation (2018-19) saw very high growth (59%), likely due to the initial adjustments and increased compliance.
- Growth slowed significantly in 2019-20 (3.8%) and even turned negative in 2020-21 (-7.0%), primarily due to the COVID-19 pandemic and associated economic disruptions.
- There was a strong recovery in 2021-22 (31.0%) and continued positive growth in 2022-23 (21.5%) and 2023-24 (11.7%), as the economy recovered.

This year-on-year analysis provides a more detailed picture of the fluctuations in GST revenue collection compared to just looking at the over

This paper attempts to analyze the impact of pre and post pandemic on goods and services tax revenue collection in India. As GST laws was operated or being applicable from July 2017 it has a following impact on the economy as seen in the above table the GST revenue collection during the year 2017-18 was to be rupees 678,034 in crores and secondly during the year 2018-19 the GST revenue collection has increased to rupees 1080000 incrores which shows that there is 9.28% of growth been in the GST revenue collection with the initial year of imposition Thirdly there was a collection of rupees 1123371 in crores in 2019-20 which shows there was 4.016 percent of growth scene in GST revenue collection, but in the year 2020-21 there was a decline in GST revenue collection due to pandemic period, GST revenue collection during this period has shown a negative

growth of 5.93% negative, but there was a significant rise of GST revenue collection in the year 2021 22 that is collection was 1488227 rupees in crores that is there was 40.82 percent growth and in the year 2022 23 the GST revenue collection was rupees 1807680 in crores that is growth rate of 21.46% which shows a significant rise in GST revenue collection which shows the improvement in consumer spending on purchase of goods and services which depicts a recovery phase for our economy from pandemic situation.

## CONCLUSION:

This research paper will provide valuable inside into the post Panda make impact on GST revenue collection in India. The finding of this research paper can be used policy makers develop strategies to further increase GST revenue collection and support economic recovery and to take appropriate measures in future.

## REFERENCES:

- i. [www.gst.gov.in/download/gststatistics](http://www.gst.gov.in/download/gststatistics)
- ii. [www.indiabudget.gov.in](http://www.indiabudget.gov.in)