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A STUDY ON GST CONTRIBUTION BY TAMIL NADU

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ABSTRACT

This research paper analyzes Tamil Nadu's Goods and Services Tax (GST) contributions from 2017 to 2024, placing it in the broader context of India's indirect tax system. Tamil Nadu, a major industrial state, is compared with other top contributors like Maharashtra and Karnataka. The study highlights Tamil Nadu's GST revenue from Petroleum, Oil, and Lubricants (POL), which, although not fully under GST, generate significant revenue through supply chain taxes.The paper also focuses on GST performance during the COVID-19-affected year 2020–2021, assessing Tamil Nadu's resilience during economic disruption. It examines GST refunds from the central government to the state, noting delays and fiscal imbalances. Using statistical tools, it evaluates national GST trends from 2020 to 2024 to understand revenue distribution among states. Overall, the findings show a steady increase in GST collections, indicating better compliance and infrastructure. While Maharashtra leads in contributions, Tamil Nadu remains a strong and consistent performer, particularly in key industrial sectors.

KEYWORDS: *GST Contribution, Tamil Nadu, Petroleum Products, GST Refunds, Central vs State GST, IGST, SGST, CGST, Maharashtra, Karnataka, Tax Compliance, Fiscal Federalism, Revenue Trends*

INTRODUCTION

The Goods and Services Tax (GST), implemented in India on July 1, 2017, through the 101st Constitutional Amendment, unified various indirect taxes into a single, comprehensive system. Designed as a multi-stage, destination-based tax, GST aimed to streamline the tax structure, reduce cascading taxes, and foster a national market. While most goods and services fall under slabs ranging from 0% to 28%, key sectors like petroleum, alcohol, and electricity remain outside the GST regime, though they impact it indirectly.

Governed by the GST Council, which represents both central and state governments, GST reflects cooperative federalism in policy decisions. Efforts like the "Mera Bill Mera Adhikaar" scheme encourage public participation and transparency in tax compliance.

Tamil Nadu, a highly industrialized and urbanized state with strong sectors like automobiles, textiles, and IT, plays a vital role in national GST revenue. This paper examines Tamil Nadu's GST performance from 2017 to 2024, focusing on trends, sectoral analysis (especially Petroleum, Oil, and Lubricants), impacts of the COVID-19 pandemic, refund mechanisms, and comparisons with states like Maharashtra and Karnataka. Through statistical analysis, the study evaluates Tamil Nadu's fiscal role in India's evolving tax system and its implications for federal financial relations.

REVIEW OF LITERATURE

The introduction of the Goods and Services Tax (GST) has significantly influenced India's fiscal landscape, with several studies exploring its multifaceted impact. **Avinash C. Dhotre et al. (2024)** emphasize GST's growing revenue contributions in India's pursuit of becoming a $5 trillion economy, noting a 15% year-on-year growth in collections from November 2022 to November 2023. Their study highlights that higher tax slabs on luxury goods are instrumental in driving revenue.

Dr. V. Bala Ruby and Dr. R. Premalatha (2022) examine the impact of GST on Tamil Nadu's finances, contrasting it with the earlier VAT system. Their findings show a gradual improvement in state revenue post-GST, with a compound annual growth rate (CAGR) of 16.66%, though fiscal imbalances remain a challenge.

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Premkumar (2018) turns the lens toward consumers in Tamil Nadu, finding that while GST has simplified the tax system, it has invisibly impacted middle and lower-income groups by increasing the cost burden.

S. Vishnuhadevi and D. Hima Bindu (2022) delve into GST compliance costs for small businesses, revealing that smaller firms bear a disproportionately higher burden—up to 1.45% of their annual turnover—compared to larger enterprises. Their analysis also identifies factors like firm size, sector, and refund mechanisms as significant contributors to compliance costs.

K. Murugan (2021) investigates the adverse effects of GST on the Micro, Small, and Medium Enterprises (MSME) sector in Tamil Nadu, reporting the closure of 50,000 units and job losses exceeding 5.2 lakh over two years, with investments declining sharply. Collectively, these studies illustrate that while GST has strengthened revenue generation and improved tax administration, it has also introduced new challenges, particularly for vulnerable economic segments such as MSMEs, small businesses, and low-income consumers in Tamil Nadu.

RESEARCH OBJECTIVES

- To study the Comparative study of GST contribution and growth rate of Tamil Nadu with other states.
- To analyse the significant difference between monthly GST collections from April 2020- March 2021.
- To find out the status of refund GST from Central government to Tamil Nadu government.

RESEARCH METHODOLOGY

This study adopts an exploratory research design, which is primarily qualitative in nature and suitable for investigating complex or under-defined issues—in this case, the evolving landscape of GST contributions in Tamil Nadu. The research aims to provide in-depth insights rather than conclusive results, focusing on trends, patterns, and comparative performance. All data used in the study were collected from secondary sources, ensuring reliability and relevance. Major sources include official Indian government websites such as the Ministry of Finance, GST Council, the Goods and Services Tax portal (https://www.gst.gov.in), and the Petroleum Planning & Analysis Cell (PPAC). Additional data were drawn from statistical databases, audit reports, and published academic literature. The study period spans from 2017 to 2024, with specific attention to Tamil Nadu's year-wise GST contributions, comparative data from Maharashtra and Karnataka, monthly GST collections between April 2020 and March 2021, and detailed analysis of Petroleum, Oil, and Lubricants (POL)-related GST collections across the entire period.

ANALYSIS AND INTERPRETATION

Table 1. GST collection of Tamil Nadu in 2019-2023

GST collection	Tamil Nadu (Rs in cr)	growth%
2018	45318.19	
2019	70,562	55.70327
2020	74,430	5.481914
2021	69121.03	-7.13289
2022	85492.41	23.68508
2023	104377.2	22.08949

Interpretation

From 2019 to 2023, Tamil Nadu's GST collections saw significant fluctuations. In 2018-2019, collections grew by 56%, followed by a 5% increase in 2019-2020. However, the pandemic in 2020-2021 led to a 7% decline in GST collections. Recovery began in 2021-2022 with a 24% growth, continuing with a 22% increase in 2022-2023.

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Calculation on Growth Rate

(Present year collection – Past year collection) / Past year collection *100.

Table 2. Comparative analysis with Tamil Nadu, Maharashtra and Karnataka

STATE	2019	2020	GROWTH
Tamil Nadu	70561.9	74430.04	5.481914
Maharashtra	170288.6	185917.3	9.177793
Karnataka	78762.48	83408.46	5.898717

STATE	2020	2021	GROWTH%
Tamil Nadu	74430.04	69121.03	-7.13289
Maharashtra	185917.3	165308	-11.0852
Karnataka	83408.46	75659.68	-9.29016

STATE	2021	2022	GROWTH
Tamil Nadu	69121.03	85492.41	23.68508
Maharashtra	165308	217992.9	31.87076
Karnataka	75659.68	95925.57	26.7856

STATE	2022	2023	GROWTH
Tamil Nadu	85492.41	104377.2	22.08949
Maharashtra	217992.9	270346	24.01595
Karnataka	95925.57	122821.6	28.03847

STATE	2023	2024	GROWTH
Tamil Nadu	104377.2	121329.1	16.24096
Maharashtra	270346	320116.8	18.41006
Karnataka	122821.6	145265.9	18.27386

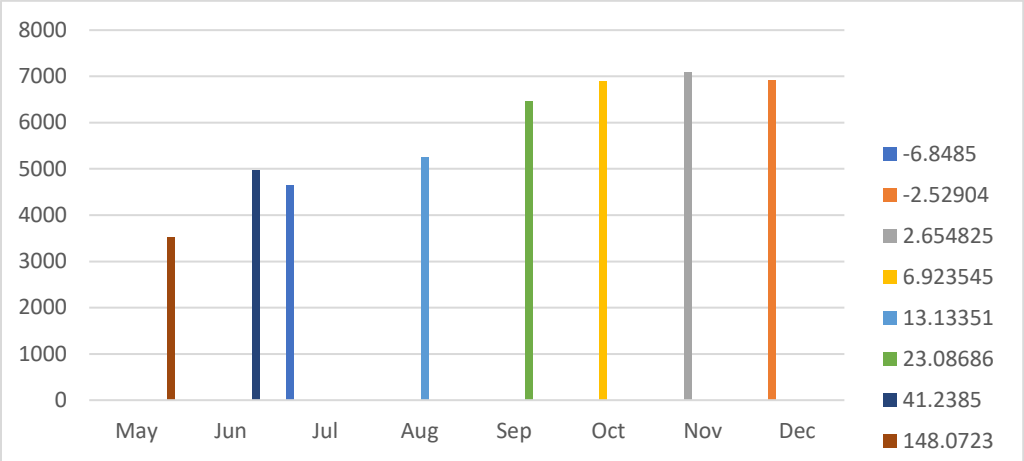
Interpretation

Between 2019 and 2024, GST collections in Tamil Nadu, Maharashtra, and Karnataka showed varied growth patterns. In 2019-2020, Tamil Nadu grew by 5%, Maharashtra by 9%, and Karnataka by 6%. The pandemic year of 2020-2021 led to declines in GST collections: Tamil Nadu (-7%), Maharashtra (-11%), and Karnataka (-9%). As recovery began in 2021-2022, Tamil Nadu grew by 24%, Maharashtra by 32%, and Karnataka by 27%, with Maharashtra leading. In 2022-2023, Maharashtra again had the highest growth at 24%, followed by Karnataka at 28%, and Tamil Nadu at 22%. In 2023-2024, Tamil Nadu grew by 16%, while Maharashtra and Karnataka saw 18% increases. Overall, Maharashtra led in growth, while Tamil Nadu and Karnataka performed strongly with steady improvements each year.

Table 3
Tamil Nadu Monthly GST collection on 2020-2021

Month	GST Collection	Growth%
Apr-20	1420.057	
May20	3522.769	148.0723
Jun-20	4975.506	41.2385
Jul-20	4634.758	-6.8485
Aug20	5,243	13.13351
Sep-20	6454.017	23.08686
Oct-20	6900.863	6.923545
Nov-20	7084.069	2.654825
Dec-20	6904.91	-2.52904
Jan-21	7393.228	7.072031
Feb-21	7008.214	-5.20766
Mar21	7579.176	8.147048

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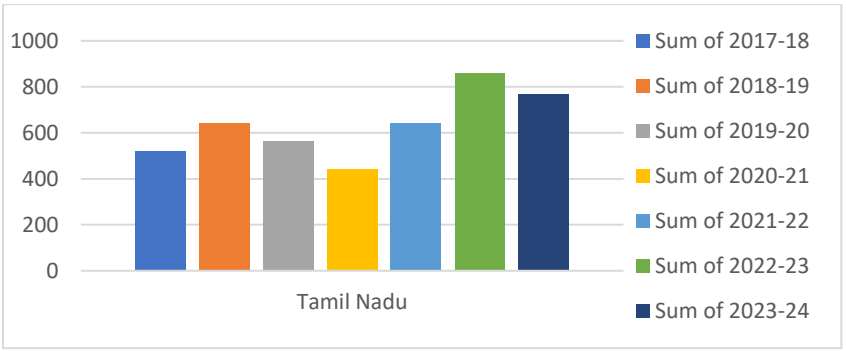


Interpretation

The month-wise GST collection analysis for Tamil Nadu in 2020-2021 reveals significant fluctuations based on various seasonal and cultural factors. There was a sharp 148% increase from April to May due to the start of the financial year. Following this, a 41% growth in May to June occurred due to the school reopening season and summer-related spending. However, from June to July, the growth slowed by -6% as consumer activity normalized. The GST collection increased again in August and September due to local festivals, with a 13% and 23% rise, respectively. In the festive period of September to October, the collection grew by 6%, but in November, growth slowed to only 2%. December saw a slight decline of -2%, likely due to holiday discounts and seasonal shifts. The GST collection picked up by 7% in January due to the New Year and Pongal festivals, but then dropped by -5% in February before rising by 8% in March. These variations highlight the influence of cultural events, seasonal spending patterns, and financial factors on GST collection throughout the year.

Table 4. GST contribution from Tamil Nadu on POL products from 2017-2024

State	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25(P)
Tamil Nadu	517.3	642.1	561.9	439.2	640.3	860.6	768.8	375.0



Interpretation

This chart clarifies us that about the clear contribution level of Tamil Nadu on POL products from 2017-24. The highest contribution by year is with 2022-2023 and the lowest contribution by the year is 2020-2021. Hence petroleum products does not lay under GST and POL defines Gas, kerosene etc…

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Table 5. Status of refund GST from Central government to Tamil Nadu government.

Tamil Nadu	GST Refund (Rs in Cr)
2020-21	8188.609
2021-22	9714.124
2022-23	12250.07
2023-24	121329.1



Interpretation

The GST refund is done by central government to state government from the collected GST from state and giving some percentage from it for state use. This chart represents the state GST refund from 2021-2024 which says the state government received highest refund(in cr) by 2022-2023 and lowest by 2020-2021 respectively.

Table 6. The table and Chart show that revenue collected by the Central Government from 2019-2024

YEAR	GST REVENUE (INR CRORE)
2019-20	1222122
2020-21	125110.2
2021-22	183484.4
2022-23	1807680
2023-24	2018249
MEAN	1071329
SD	886736.7
SK	-0.17646
KU	-2.90213

Note: SK: Skewness and KU: Kurtosis

FINDINGS

The study analyzes Tamil Nadu's GST growth from 2019 to 2023, highlighting a peak growth of over 50% in 2019. It compares GST contributions with Maharashtra and Karnataka, finding Maharashtra highest due to its size and business base, followed by Karnataka. Despite the COVID-19 pandemic in 2020–21, Tamil Nadu's GST collections remained stable. The research also examines contributions from POL products, the redistribution of GST funds from the central government, and uses statistical tools to analyze India's overall GST revenue trends from 2019 to 2024.

CONCLUSION

The study highlights Tamil Nadu's growing GST contributions from 2019 to 2023, including steady performance during the COVID-19 pandemic. It shows Tamil Nadu ranks just behind Maharashtra and Karnataka in GST revenue due to differences in population and business activity. The state's GST from POL products is also rising. The study discusses variations in GST refunds from the central government and uses statistical tools to analyze national GST revenue, while also examining the overall impact, benefits, and challenges of GST in India.

SUGGESTION

To enhance GST collection efficiency in Tamil Nadu, key measures include increasing awareness and training for small businesses, especially in rural areas, and promoting the use of GST-enabled accounting software. Improving the GST portal's user interface and investing in digital infrastructure will also help smaller businesses. Additionally, streamlining the refund and credit processes, along with sector-specific analysis and targeted incentives, can boost

performance. Collaboration with trade associations for regular feedback will foster a culture of compliance and refine policies, ultimately improving Tamil Nadu's GST system.

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