



POSSIBLE FACTORS RESPONSIBLE FOR GROWTH OF GOODS AND SERVICES TAX (GST) ESTABLISHMENT OF MAHARASHTRA STATE: AN EMPIRICAL ANALYSIS

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ABSTRACT

This study considers GST tax establishment of Maharashtra state and its performance from the period of 2017 to October, 2020. And this paper attempt to examine various factors which are responsible for accelerating growth rate of GST of Maharashtra state. It also crucially evaluates GST statistical data for overall growth of Maharashtra state. Some government and non-government variables are affecting diverse and multistage economic development of Maharashtra state. For determining growth, application of available statistical method have been purposefully used to show the Maharashtra whether productive or unproductive state in the sense of revenue collection.

KEYWORDS: MVAT, GST receipt, Fiscal Plan, GST growth, Fiscal federalism, etc.

INTRODUCTION

Maharashtra state is majorly agricultural and industrialised state of India. It is also known as one of the most urbanized state of India. Maharashtra has unique social, cultural, economic history since its independence. Every year Maharashtra state enjoy 1st May its foundation day, commonly known as 'Maharashtra Din'. Its significance of commemorating is coming from Bombay Reorganization Act. -1960 through which the state of Maharashtra was formed. Maharashtra state usually used fiscal year from 1st April to 31st March. If we look in deeper statistic of Maharashtra, we have collected analytical fiscal information, which is more suitable for analysis real financial image of Maharashtra. In previous financial year GDP of Maharashtra was ₹28.24 lakh crore (2019-2020 FY) which was stand 1st rank among all over Indian states. Annual growth rate of Maharashtra state GDP was touches 12% as well as GDP per capita ₹207727 during 2019-2020 FY. However, Agriculture GDP constitutes 13%, Industry 31% and services sector 56% in 2018-2019 respectively. According to Maharashtra Budget 2020-21, Maharashtra state public debt has 16.2% GSDP (2020-21) further total

Budget balance ₹-54,618 crore which is 1.6% of GSDP (2020-21).

As per Maharashtra Budget analysis 2020-21 revenues receipts of Maharashtra was ₹3.49 lakh crore and expenses incurred ₹4.34 lakh crore. Maharashtra state has vast and biggest tax governance as compare to other state. Hence, Goods and services tax is key player in economic and fiscal development of Maharashtra state since its implementation. The GST act was implemented in 1st July, 2017 in all over India. Fiscal federalism is strong feature of GST which is amended in both house of parliament.

The main aim of this paper is to study and analysis factors responsible for growth of GST establishment in Maharashtra state. It also includes evaluating the past revenue performance of Maharashtra state by using various available source of information. This study has dynamic in nature, because is highlights on various sectors like tax contribution, total revenue, agricultural production, services sectors, tax reforms, administrative performance etc. all this contributes equal to aggregate development and sustainability of Maharashtra state. GST governance has been



continuously strong force for maintaining balance between income and expenditure of state. GST itself provides online furnishing of taxes, input tax and output tax mechanism, e-way bill system, fully informed GST portal, units of measurements, unique products identification series like HSN number. So, it directly effects on growth of commercial genesis of Maharashtra. Therefore, we have studied various economical and non-financial factors that will push growth path of GST and past revenue history of Maharashtra state.

OBJECTIVES

The major objectives of this study are -

1. To study past revenue history of Maharashtra state
2. To study various factors responsible for growth path of GST of Maharashtra state.
3. To analyses several dimensions of GST collection enhancement of Maharashtra state.
4. To analyze growth of GST governance of Maharashtra state.
5. To evaluate performance of GST collection in Maharashtra state.

LIMITATIONS & SCOPE

A main limitation of this research paper is based on secondary data from various sources. For exploring basic idea in this paper we accumulated probable factors and elements which might be responsible for GST tax revenue receipts of Maharashtra state. It may have chance of other factors which would have been responsible for GST growth path. Due to available of limited resources we interpreted simple and general narration of thought on GST progressive path. There will be so many chances of representing data but we made possible and loyal attempt of our research.

RESEARCH METHODOLOGY

This study is descriptive and analytical in nature and it only based on secondary data sources. Secondary sources data were collected from books, journals, financial reports Govt. of Maharashtra and

India, annual state budgets of Maharashtra state (2017 to 2020).

REVENUE BACKGROUND OF MAHARASHTRA STATE

Maharashtra is enriched with various natural resources and commercial background. Maharashtra state enjoys numerous tax receipts or revenue receipts some of this are Bombay sales tax (BST), Maharashtra value added tax (MVAT), share from central sales tax (CST), sugarcane purchase tax (SCPT) and profession tax (PT), etc. such a vast and complex nature of Indirect and direct taxes in Maharashtra fulfill its financial needs for its owned social projects. For proper understanding of proposed structure, we have used previous revenue information. If we check previous data of Act-wise tax revenue gross receipts we got that Maharashtra is financially sound and balanced state. During the financial year of 2001-2002 Maharashtra state had received ₹ 13692.70 crore total tax revenue, gross receipts during the period of 2002-2003 was ₹ 15045.22 crores, in 2003-2004 ₹16909.10 crores, next year 2004-2005 had ₹20494.91 crores, in 2005-2006 ₹22464.47 crores respectively and before GST establishment which means that in the year of 2006-2007 collected ₹27594.40 crores according to Act-wise tax revenue gross receipts of Maharashtra government in Annual budgets. It has been clearly seen that there was increasing trend in total revenue collections due to fiscal and budgetary decisions, also cyclical variables responsible for upward shaking of Maharashtra tax growth rate.

STATISTICAL METHOD

The present study mostly focuses on an empirical research on the factors which are responsible for growth of GST establishment of Maharashtra state. Examine growth between two different years for total GST revenue receipts by way of arithmetic average and percentage methods. Therefore, we can easily differentiate which year was performing better than any pre or post financial year of Maharashtra state. Following formulas are used to evaluate the growth path of GST.

Average Tax Collected = $\frac{\text{total tax collected}}{\text{number of Months of financial years}}$ ----- Equ. 1

% Change (Growth) = $\frac{\text{tax collected in old year} - \text{tax collected in new year}}{\text{tax collected in old year}} \times 100$ --- Equ. 2

DISCUSSIONS & DATA ANALYSIS

This proposed analytical research study has trying to colleting emerging novel information related to Maharashtra state revenue collection.

Table -1
Act-wise GST Revenue Receipt of Maharashtra State (₹ in Crore)
(2017 to 2020-31st October-2020)

Financial Year	SGST	IGST	Compensation Received	Grand Total
2017-2018	36418.30	14480.25	1488.00	52386.55
2018-2019	56940.88	28898.58	8330.00	94169.46
2019-2020	62274.51	23185.00	15018.13	100477.60
2020-2021 <i>(Up to 31st October 2020)</i>	25542.58	8441.33	10815.37	44799.28
Grand Total (₹ in Crore)	181176.27	75005.16	35651.50	291832.89

Source- <https://www.mahagst.gov.in/en/act-wise-revenue-receipt-2017-18-to2020-2021-31st-october-2020>

Table-1 & figure-1 shows that Act-wise tax revenue Gross GST revenue receipts of Maharashtra state from the year of 2017 to October 2020. In 2017-2018 financial year Maharashtra received aggregate GST revenue ₹52386.55 crores out of this SGST comprises ₹36418.30 crores, IGST had ₹14480.25 crores and total compensation received ₹1488 crores. In financial year of 2018-2019, total GST revenue was ₹94169.46 crores accounted. From this huge tax receipt SGST constitutes ₹56940.88 crores, IGST ₹28898.58 crores and total compensation enjoyed ₹8330 crores. As well financial year of 2019-2020 Huge amount of total GST receipt collected ₹100477.60 crores includes SGST ₹62274.51 crores, IGST slightly dropped and received ₹23185 crores, with sound compensation received ₹15018.13 crores respectively. From 2020 to up to October, 2020 Maharashtra state accounted aggregate GST revenue was ₹44799.28 crores. Due to corona virus pandemic

Maharashtra GST faced a tremendous shock. However, total SGST amount received from 2017 to October 2020 was ₹181176.27 crores with this IGST amounted ₹75005.16 crores, total compensation received from 2017 to October 2020 was ₹35651.50 crores and groundbreaking amount of total GST revenue receipts is ₹291832.89 crores.

Hence, based on statistics of revenue it clearly gives the idea about growing trend in GST revenue receipts the whole numerical values in aforesaid table is the backbone of Maharashtra Growth Engine. Maharashtra from historical perspectives insisted on technological advancement and comprehensive industrial policies for indirect resources income for state itself. This is the good sign for state rejuvenation process for creating large employment opportunities and major social investment creations for lifting up of underprivileged sections of society of Maharashtra state.

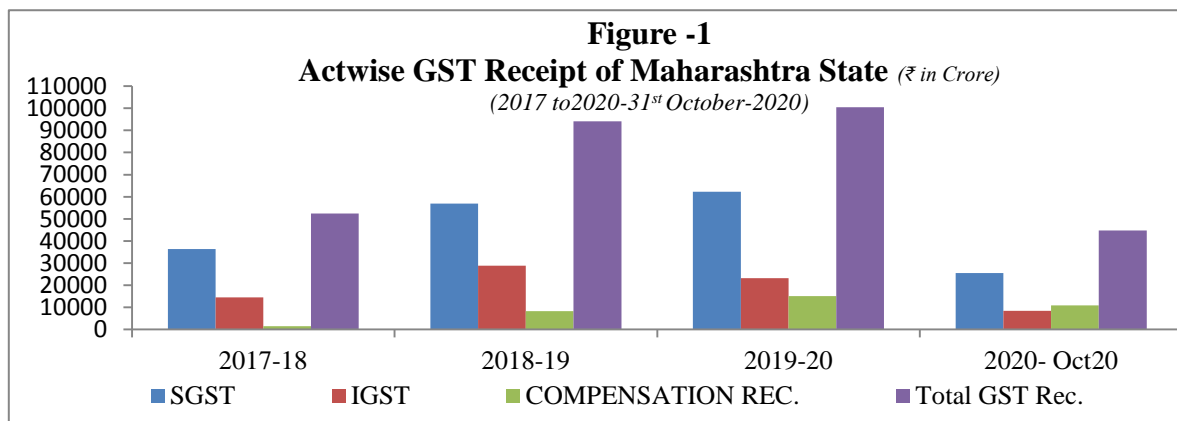


Table-2:
Average GST Revenue Receipts of Maharashtra State (₹ in Crores)

Financial Year	Average SGST	Average IGST	Average Compensation Received	Average Grand GST
2017-2018	3034.85	1206.68	124.00	4365.54
2018-2019	4745.07	2408.21	694.16	7847.45
2019-2020	5189.54	1932.08	1251.51	8373.13
2020- Oct 2020	2128.54	703.44	901.28	3733.27
Average Aggregate GST	4213.40	1744.30	829.10	6786.81

Source- Author's calculation (data from <https://www.mahagst.gov.in/en/act-wise-revenue-receipt-2017-18> to 2020-2021-31st-october-2020)

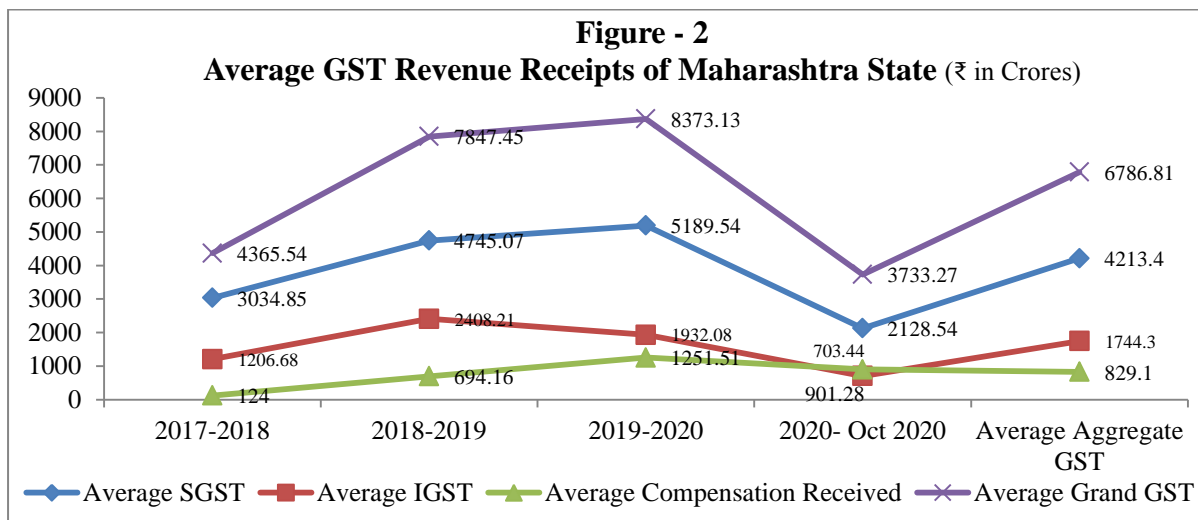


Table-2 & Figure -2 examining that average GST tax revenue of Maharashtra state in 2019-2020 FY. All GST components effectively reached at peak point of GST revenue. Due to unavailability of data in 2020 we did not get clear picture of yearly average gross GST revenue receipts. For actual growth in GST from 2017 to 2020 we have used another percentage formula for getting exact values of percentage increase or decrease in gross GST revenue receipts. Researcher evaluated that, there was 56.3% increase in SGST collection during 2017 to 2019 and 9.3% grows up from 2018 to 2020 ending respectively. Another group of GST component i.e. IGST was set achieved 99.5% growth from 2017 to 2019. But, it was slightly decreased as -19.7% during the period of 2018 to 2020. Aggregate GST gross revenue benchmarked at 79.7% increased from 2017 to 2019 and slightly upward in 2018 to 2020 at 6.6% progressively.

For supporting mentioned in analysis of data, we assumed some possible elements that are responsible for overall growth in gross GST tax revenue in Maharashtra state. We explore some components by descriptive analysis as below.

1. Feasible Factors in State Budget of 2017-2018

Maharashtra governments changed its budget presentation policy as merger of plan and non-plan programme, it was agriculture centric budget. For improving agricultural productivity ₹8233 crores provided for water resources department, ₹100 crores supplied for technology, it mean micro irrigation projects in Vidharbha regions and ₹200 crores sanctioned for group farming. The World Bank sanctioned a project of ₹400 Crore entitled 'Nanaji Deshmukh Krishi Sanjivani' for Marathwada and Vidharbha region. Another decision made by the government under the "Prmod Mahajan Skill Development Programme" trained to ₹1 Lakh Twenty two thousand youths. As well as government sanctioned nearby ₹700 Cr. for roads development. All these dictions were positive decisions made by state for increasing GST tax revenue within Maharashtra state.

Government made crucial decisions for first corporate major port at Vadhavan in Palghar district sectioned ₹525 Cr., for Solar energy projects ₹2650 Cr., for state industries backward areas established 'Mahainfra' special purpose vehicle for infrastructure



projects, ₹1600 Cr. for smart cities, ₹1800 Cr. for 'Amrut' scheme, ₹710 Cr. for Mumbai and Pune metro, computerization of PDS system. Such all this major infrastructural project had been directly or indirectly relating to GST collection in state. Maharashtra state has given VAT exemption on various groceries products and gives impetus to retail industry for healthy collection of GST. Some administrative changes were made effectively such as established three new benches of Maharashtra sales tax tribunal; VAT dues can be recovered from the directors of private companies, compensated under GST on the basis of 14.0% annual growth of revenue also available for Mumbai 'Octroi' and local body tax.

This all budgetary and administrative elements immensely might be helpful for GST gross revenue receipts. The budget has been presented with focus on weak and marginalized sections of society, agriculture and employment generation, increase in investment in basic infrastructure facilities and agriculture sector, assistance to logistic sector which plays a vital role in development of state with increased GST rate. Boost to start up sectors. All these factors were responsible for GST achievement during the period of 2017 to 2018.

2. Feasible Factors in State Budget of 2018-2019

Maharashtra tax base expanded due to registered 532000 new GST tax payers. Compensation of ₹11804 crores paid to the municipal corporations, on account of abolition of 'Octroi' and LBT. It was amendment made in MVAT Act for provision to claim VAT-TDS in GST period by contractors and no recovery of tax up to ₹500 and consequential interest. Another thing is it was an inclusive, progressive employment oriented budget covering all constituents of society. A new scheme namely, chief minister employment generation programme was launched under 'New Industrial policy-2019'. Fifty industrial parks have been set up at 'taluka' or tehsil level for MSME sector.

Government has decided to revive the Maharashtra Economic Development Council (MEDC) to achieve the goal of 1 trillion USD economies for Maharashtra by 2025. Maharashtra state Granted ₹100 crores to 'Khadi' and village industries board for strengthening of rural economy and traditional village traders. Supporting granted to ₹200 crores for self-employment schemes for widows, abandoned and divorcee women's. Also ₹100 crores granted to employment for youth and women belonging to minority community, ₹100 crores for house for handicapped peoples was sanctioned. All these government decisions result was come out; the overall GST has been increased. Many sectors could directly or indirectly support growth of GST tax receipts and this collected GST

again reallocates for various development activities in state.

3. Feasible factors in state budget of 2019-2020

Constant efforts were made for facilitating business in the GST with view of Ease of Doing Business. It was amendment being done for Maharashtra settlement of arrears of tax, interest, penalty or late fee ordinance-2019, to bring clarity as to whether, the adjustment of tax would be towards undisputed tax or towards disputed tax. Now, benefits would be available in respect of outstanding taxes. In maiden period provision of ₹10000 crores to complete the incomplete irrigation projects in time bound manner. Water conservation scheme have been implemented to rejuvenate 8000 various schemes.

New, the power connections were giving for agricultural pumps in rest of Maharashtra by funding from Asian Development bank. Provision of ₹3500 crores was made for to complete Konkan marine highway during 3 years period and ₹500 crores has been given to MSRTC for purchasing of new luxurious buses in place of old buses in its fleet. Government sectioned Industrial estate of international standards to be developed by incurring ₹4000 crores expenditures in west Maharashtra districts for Bengaluru- Mumbai Industrial corridor. Nearby, 75 new dialysis centers have been set up in the state. External funds ₹5000 crore have been invested for boosting Health industry and ₹2500 crores for new medical education facilities in the state.

FINDINGS AND RESULTS

This section presents GST reforms to the benchmark of state economy. The main result can be enumerated as follows-

1. Gross GST revenue of Maharashtra state has been showing positive response to its corresponding elements taken by state government and various government authorities. It is positive for capital formation, investment consumption and employment in state. Higher growth of GST relates to various economic factors which is responsible for large scale fiscal policy and its proper implementation within state for re-income of state.
2. It is found that information about progressive growth of GST establishment in Maharashtra state. Whenever, government announced various schemes it would be affected GST growth rate infrastructure, agriculture, energy, water resources etc. These all components generate various productive capacities for boosting up of GST percentage in Maharashtra state.
3. In Average GST revenue receipts scenario in average SGST ₹4213.40 Cr., average IGST



₹1744.30 Cr., and average compensation received ₹829.1046 Cr. Since 2017 to October, 2020 period. Again productive and constructive average grand GST received was Rs.6786.8113 crores effectively.

4. In general, by liberalizing the economy, the GST reforms make a very positive atmosphere for investment and capital generation. GST is the indirect tax regime that would allow indirect process of GST governance and its close effect on state economy.

5. *Maharashtra State Budget Highlights from 2017 to 2020, Government of Maharashtra, Mumbai.*

WEBSITES

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SUGGESTIVE MEASURES FOR INCREASE OF GST IN STATE ACCOUNT

A] DETERMINE YOUR GOALS: Instead of spending resources trying to gain new idea of tax governance should focus on up skilling or cross-skilling of current resources. This is significantly more effective and cost-efficient as your current fiscal plan is already acquainted with your tax collection efforts.

B] ADD COMPLIMENTARY SERVICES: Bundling complimentary services like tax counseling, tax training, GST enhancer plan, GST hassle free software, single window and one time service model etc., will add numerous benefits to state GST account.

C] PRIORITY LENDING: State should decide which programme is beneficial within short span after constructive implementation. State could prioritize social security programme as per highest GST revenue collection records since 3 to 4 years.

D] REVIEW PLAN: Every 3 to 5 years state will have chance to reduce burden of tax from unwanted last resort and replace with highest GST on super rich products. Here daily products and services are necessary for total population of state so keeping in mind aggregate development of society, administration should try to promote increase numbers of registered tax payers by way of making aware of sense of constitutional duties.

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