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AN ANALYSIS OF GST IMPLEMENTATION AND TRENDS IN REVENUE COLLECTION FROM 2017-18 TO 2023-24

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ABSTRACT

India's Goods and Services Tax (GST), implemented on July 1, 2017, revolutionized the country's indirect tax system by replacing a complex array of taxes with a unified consumption tax. This study analyzes the implementation, features, and trends of GST from fiscal year 2017-18 to 2023-24, utilizing secondary data from the Economic Survey of India 2023-24. The total GST revenue has shown significant growth, rising from ₹5,39,601 crores in 2017-18 to ₹15,18,127 crores in 2023-24. The GST structure operates under a dual system, with Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST) being key components, alongside the Integrated Goods and Services Tax (IGST) for inter-state trade. High-contributing states like Maharashtra and Karnataka have strengthened their positions, while states like Himachal Pradesh and Uttarakhand face challenges. The analysis also reveals fluctuations in revenue due to the COVID-19 pandemic, with a robust recovery in subsequent years. Key findings underscore the need for targeted interventions in lower-performing regions, improvements in tax administration, and policy adjustments to address the declining share of cess. This research highlights the pivotal role of GST in enhancing tax compliance and broadening the tax base, laying the groundwork for sustainable economic growth in India.

KEY WORDS: *Goods and Services Tax (GST), Tax Compliance, Indirect Taxation, Economic Growth, Public Finance*
JEL Classification: H25, H26, H22, O40, H30

GOODS AND SERVICES TAX (GST) IN INDIA: A COMPREHENSIVE OVERVIEW

India's journey towards a unified indirect tax system began in 1986 with the introduction of the Modified Value Added Tax (MODVAT). This system was an initial step towards modernizing the country's tax regime. However, the major leap came in the late 1990s, when discussions were initiated about implementing a more comprehensive tax structure. Under the leadership of Prime Minister P. V. Narasimha Rao and Finance Minister Dr. Manmohan Singh, the idea of a Value Added Tax (VAT) was proposed for implementation at the state level.

In 1999, an economic advisory panel endorsed the concept of a unified Goods and Services Tax (GST), which led to pivotal developments. Subsequently, in 2002, a task force chaired by Vijay Kelkar was established to recommend reforms to the existing tax structure. By 2005, the Kelkar Committee had proposed the introduction of GST, aligning with the recommendations of the 12th Finance Commission. This study, utilizing secondary data from the Economic Survey of India 2023-24 published by the Ministry of Finance, Government of India, aims to achieve two key objectives: first, to understand the implementation and features of GST in India; and second, to analyze the trends and composition of GST within the country, highlighting its impact on the economy.

GST IMPLEMENTATION AND FEATURES

Launched on July 1, 2017, GST marked a major shift in India's tax system, replacing multiple taxes like Central Excise Duty, VAT, and Service Tax with a unified consumption tax. It simplifies the indirect tax process, making it more transparent and streamlined. Goods and services are taxed under five slabs: 0 per cent, 5 per cent, 12 per cent, 18 per cent, and 28 per cent, with special rates of 0.25 per cent on rough stones and 3 per cent on gold. A

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cess is added on luxury items like aerated drinks, luxury cars, and tobacco, with rates up to 22 per cent over the 28 per cent GST rate.

STRUCTURE OF GST

The Goods and Services Tax (GST) in India operates under a dual structure, which involves both the Union and State Governments in tax administration. This framework consists of several key components: the Central Goods and Services Tax (CGST), which is levied by the central government on intra-state supplies of goods and services; and the State Goods and Services Tax (SGST), imposed by state governments on intra-state supplies, with the exception of alcoholic liquor for human consumption. Furthermore, the Integrated Goods and Services Tax (IGST) is charged by the central government on inter-state supplies and imports. Additionally, the GST (Compensation to States) Act of 2017 establishes a cess on specific goods to compensate states for revenue losses due to GST implementation. However, certain goods remain excluded from GST, including alcohol for human consumption and petroleum products, which will be included at a later date.

GST represents one of the most significant tax reforms in India, replacing a complex web of indirect taxes with a unified, automated system. Its implementation has streamlined tax processes, enhanced transparency, and simplified compliance for businesses and consumers alike. The ongoing adaptations and expansions of GST reflect its pivotal role in shaping India's economic landscape and tax administration.

REVIEW OF LITERATURE

The Goods and Services Tax (GST), implemented on July 1, 2017, marked a significant shift in India's taxation system, replacing multiple indirect taxes such as Central Excise Tax, VAT, and Service Tax with a unified tax regime. As highlighted by Nayyar Anand and Inderpal Singh (2018), the GST was delayed due to political and stakeholder conflicts, but its eventual rollout was aimed at increasing transparency, reducing tax evasion, and enhancing India's GDP growth by 1 per cent to 2 per cent. Maruthi M.V. (2020) and Kapoor Shashi (2018) further emphasized the advantages of this comprehensive tax reform, including the elimination of the cascading effect of taxes and the creation of a seamless national market. GST is multi-stage and destination-based, levied at five different rates, which simplifies the taxation system and creates a uniform platform for both goods and services.
Recent studies by Dandona et al. (2024) and Garg Ruchi (2024) provide empirical insights into the impact of GST on state revenues and national fiscal health. Dandona et al. (2024) highlight the fluctuating trends in GST collections, with states like Maharashtra leading in revenue generation but facing declines in FY 2024. The research underlines the positive impact of GST on government revenue growth, with significant correlations found between GST and GDP. Garg Ruchi (2024) offers a detailed analysis of the effectiveness of tax administration under GST, exploring trends in revenue collection, challenges like tax evasion, and future prospects for optimizing compliance. These insights underscore the far-reaching implications of GST for India's economic stability and fiscal policies.

The analysis of Goods and Services Tax (GST) collection data across various states and union territories in India from 2017-18 to 2023-24 reveals significant trends and patterns in revenue generation.

Table – 1.1: GST Collection Trends and Regional Contribution in India (2017-18 and 2023-24): Total Revenue and Percentage Share by States and Union Territories

States/Union Territories	2017-18	% to India's GST	2023-24	% to India's GST
Andaman and Nicobar Islands	162.432	0.03	428.06	0.03
Andhra Pradesh	14327.3	2.66	44298.4	2.92
Arunachal Pradesh	120.362	0.02	1307.52	0.09
Assam	4970.93	0.92	15601.5	1.03
Bihar	5531.46	1.03	18020.9	1.19
Chandigarh	1170.51	0.22	2771.21	0.18
Chhattisgarh	13008.6	2.41	34874	2.3
Dadra and Nagar Haveli	1218.39	0.23	4332.81	0.29
Daman and Diu	922.997	0.17	2.73	0.01
Delhi	26449.2	4.9	66445.4	4.38
Goa	2772.28	0.51	6474.95	0.43
Gujarat	45923.9	8.51	125168	8.24
Haryana	36828.9	6.83	102914	6.78

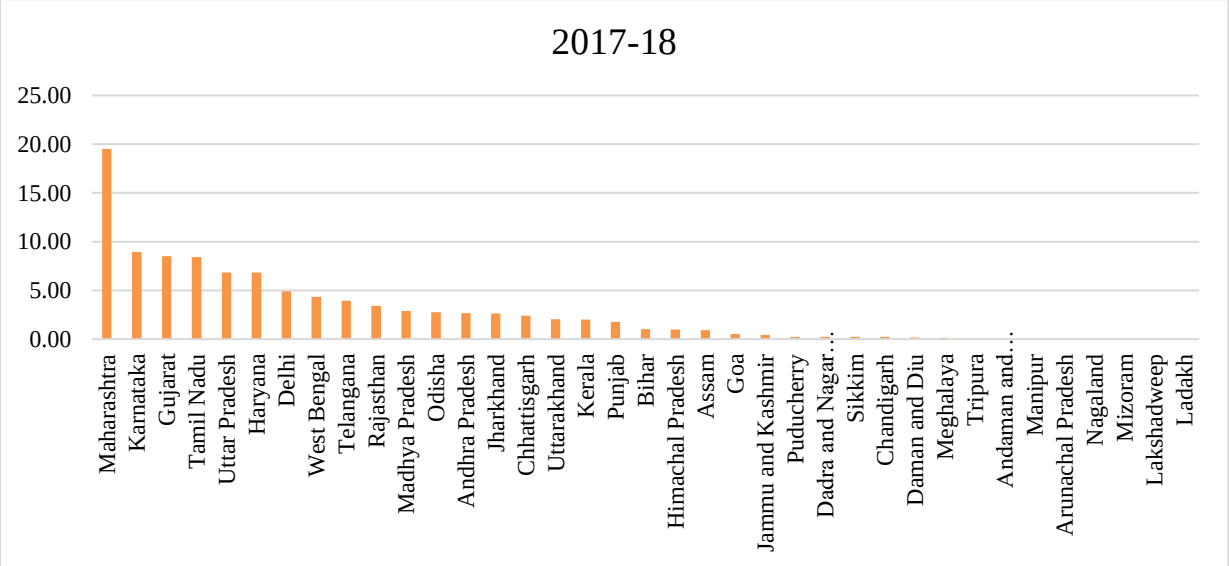
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Himachal Pradesh	5309.45	0.98	9955.73	0.66
Jammu and Kashmir	2320.11	0.43	6704.16	0.44
Jharkhand	14164	2.62	34738	2.29
Karnataka	48160	8.93	145266	9.57
Kerala	10872.2	2.01	30677.2	2.02
Ladakh	-	-	481.42	0.03
Lakshadweep	7.03101	0.01	45.36	0.01
Madhya Pradesh	15544.3	2.88	42173.9	2.78
Maharashtra	105211	19.5	320117	21.09
Manipur	122.598	0.02	669.92	0.04
Meghalaya	648.015	0.12	2259.53	0.15
Mizoram	66.622	0.01	499.83	0.03
Nagaland	104.445	0.02	711.44	0.05
Odisha	14849.4	2.75	54748	3.61
Puducherry	1317.29	0.24	2636.21	0.17
Punjab	9650.22	1.79	24061.1	1.58
Rajasthan	18465.3	3.42	50174.1	3.31
Sikkim	1185.94	0.22	3707.17	0.24
Tamil Nadu	45322.2	8.4	121329	7.99
Telangana	21355.1	3.96	59942.3	3.95
Tripura	305.378	0.06	1053.29	0.07
Uttar Pradesh	36893.5	6.84	101693	6.7
Uttarakhand	10970.2	2.03	19230.6	1.27
West Bengal	23349	4.33	62613	4.12
India	**539601**	**100**	**1518127**	**100**

Source: Economic Survey of India Various Issues

The data, presented in Table 1.1, shows the GST collection in Rs. Crores for each fiscal year, allowing for a comprehensive examination of the financial performance and growth trends in different regions. This research delves into the trends and patterns of GST collection across India from fiscal year 2017-18 and 2023-24, focusing on the regional distribution of tax revenues and identifying states and union territories that significantly contribute to the national tax base. The analysis is based on the actual revenue figures (Rs. crores) as well as the percentage share of total GST collections for each state and union territory. This period marks a critical phase in India's tax landscape, as GST was introduced in July 2017, replacing a complex system of indirect taxes.

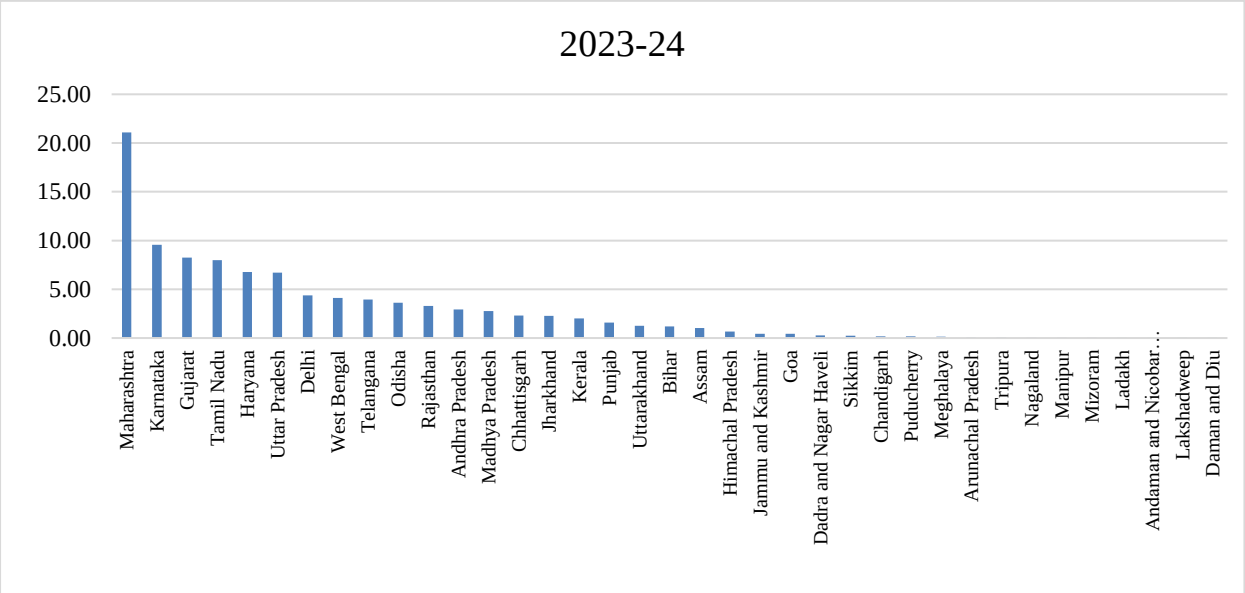
Graph-1.A: GST Collection Share by States and Union Territories in India (2017-18)



Source: Table – 1.1

Graph-1.B: GST Collection Share by States and Union Territories in India (2023-24)

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Source: Table – 1.1

OVERALL TRENDS IN GST COLLECTION

The total GST collection in India has shown a consistent upward trend, increasing from Rs. 539,601 crores in 2017-18 to Rs. 1,518,127 crores in 2023-24. This represents a substantial growth of approximately 181 per cent over the seven-year period, indicating a robust expansion in the tax base and improved compliance.

States with declining shares, such as Himachal Pradesh and Uttarakhand, may be facing slower economic growth or challenges in tax revenue generation. Conversely, states like Odisha and Telangana are showing increased contributions, suggesting improving economic conditions and tax administration.

High-Contributing States

Maharashtra continues to be the leading contributor to GST revenue, with its share increasing from 19.50 per cent in 2017-18 to 21.09 per cent in 2023-24. This reflects Maharashtra's sustained economic strength and robust tax administration. Karnataka also exhibits a significant increase in its share, rising from 8.93 per cent to 9.57 per cent, indicating its growing economic prominence. Gujarat’s contribution shows a slight decline from 8.51 per cent to 8.24 per cent, though it remains a major contributor.

Moderate-Contributing States

Tamil Nadu experienced a decrease in its share from 8.40 per cent to 7.99 per cent, yet remains a key contributor due to its substantial industrial and service sectors. Uttar Pradesh’s share decreased marginally from 6.84 per cent to 6.70 per cent, while Haryana saw an increase from 6.83 per cent to 6.78 per cent, reflecting changes in regional economic dynamics and tax performance. Delhi and West Bengal experienced reductions in their shares, from 4.90 per cent to 4.38 per cent and from 4.33 per cent to 4.12 per cent, respectively, highlighting relative shifts in economic activity.

Regional Shifts

Odisha and Telangana demonstrate a slight increase in their shares, from 2.75 per cent to 3.61 per cent and from 3.96 per cent to 3.95 per cent, respectively, indicating emerging economic strengths in these states. Jharkhand and Chhattisgarh both show a reduction in their shares, with Jharkhand decreasing from 2.62 per cent to 2.29 per cent and Chhattisgarh from 2.41 per cent to 2.30 per cent.

Regional Variations in GST Collection Share: The analysis of the percentage share of GST collections highlights significant regional variations, driven by economic activity, tax administration efficiency, and industrial development. The steady year-on-year increase, notwithstanding the temporary economic disruptions caused by the COVID-19 pandemic, indicates a well-implemented GST system. The comparison between 2017-18 and 2023-24 highlights the evolving landscape of GST revenue distribution across India. While high-performing states

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such as Maharashtra and Karnataka have solidified their positions, other states and Union Territories exhibit significant variations in their contributions. These findings suggest that effective tax administration, economic growth, and regional fiscal policies play crucial roles in shaping GST revenue patterns. Policymakers should consider these insights to enhance revenue generation and address disparities, ensuring equitable economic growth and improved tax compliance across all regions.

Table-1.2: Annual Collection of CGST, SGST, IGST and Cess (2017-18 to 2023-24)

Year	CGST	SGST	IGST	CESS	Total
2017-18	118768.36	171636.2498	192886.1212	56310.25202	539601
2018-19	202214.87	278468.4601	305710.4302	87288.7784	873682.5
2019-20	227321.17	309040.4716	316979.0925	88306.69038	941647.4
2020-21	209786.39	272673.1139	301351.5862	79152.11792	862963.2
2021-22	269037.64	344089.45	381829.61	98877.93	1093835
2022-23	323787.11	410050	469208.13	117389.71	1320435
2023-24	375553.99	470963.9	538969.74	132639.2	1518127

Source: Economic Survey of India Various issue

The data from 2017-18 to 2023-24 shows a consistent upward trend in the collection of CGST, SGST, IGST, and Cess, indicating the growing revenue generation under the Goods and Services Tax (GST) regime in India. From 2017-18 to 2023-24, the total GST revenue increased from ₹5.40 lakh crore to ₹15.18 lakh crore, a near threefold growth. This rise reflects India's economic recovery post-pandemic and an improved compliance framework within the GST system. Notably, the IGST and SGST components have seen significant growth, underscoring the growing inter-state trade volumes and enhanced state revenue autonomy, respectively.

Steady Growth in Tax Revenues

The collection of Central Goods and Services Tax (CGST) shows a consistent year-on-year increase, growing from ₹118,768.37 crore in 2017-18 to ₹375,553.99 crore in 2023-24, marking a compound annual growth rate (CAGR) of approximately 19.4 per cent.

Similarly, the State Goods and Services Tax (SGST) collection witnessed a robust rise, escalating from ₹171,636.25 crore in 2017-18 to ₹470,963.90 crore in 2023-24, with a notable acceleration in recent years.

Integrated Goods and Services Tax (IGST) Growth

IGST collections surged from ₹192,886.12 crore in 2017-18 to ₹538,969.74 crore in 2023-24. This represents a substantial increase of 179.4 per cent, indicating the growing inter-state trade under the GST regime and the system's efficacy in collecting taxes on such transactions.

Fluctuations during COVID-19

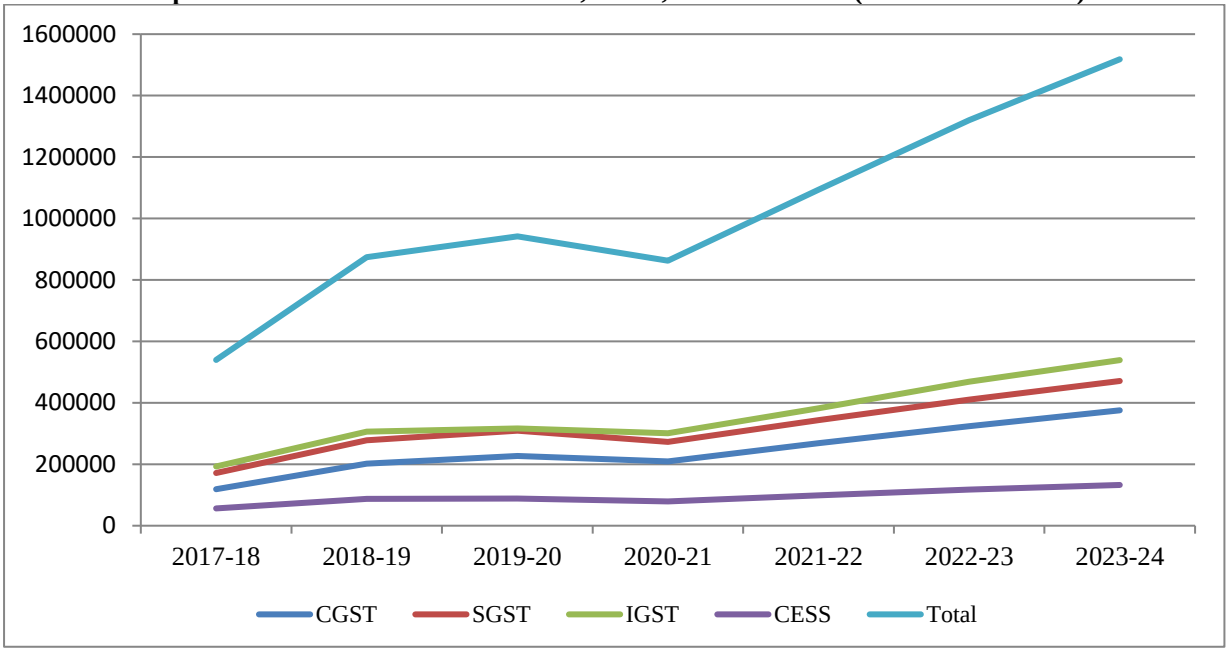
The period of 2020-21, marked by the global COVID-19 pandemic, saw a temporary dip in the growth rate of collections across all tax categories. CGST dropped to ₹209,786.40 crore, SGST to ₹272,673.11 crore, and IGST to ₹301,351.59 crore during this period. However, the subsequent years witnessed a strong recovery, reflecting the resilience of the tax system and the economy.

Cess Collections

Cess, levied on certain luxury and sin goods, exhibited a steady increase, though its growth is less pronounced compared to other tax categories. The collections rose from ₹56,310.25 crore in 2017-18 to ₹132,639.20 crore in 2023-24, growing by over 135 per cent. This indicates stable consumption patterns in goods subject to Cess, even during periods of economic downturn.

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Graph-1.C: Annual Collection of CGST, SGST, IGST and Cess (2017-18 to 2023-24)



Source: Table – 1.2

Year-on-year growth in collections was relatively slower in 2020-21, reflecting the economic slowdown due to the COVID-19 pandemic. Total GST revenue declined to ₹8.63 lakh crore from ₹9.41 lakh crore in 2019-20, highlighting the pandemic's impact. However, a robust recovery followed in 2021-22, with a 27 per cent increase to ₹10.94 lakh crore, demonstrating the resilience of India's economy. Furthermore, the rise in Cess collection suggests enhanced revenue generation from specific products such as luxury items, tobacco, and automobiles. The overall trend illustrates that GST collections have benefitted from economic recovery, improved compliance, and increased consumption across sectors. The data in the table 1.2 is graphically depicted in Graph 1.C

The data presented in Table-1.3 and Graph-1.D illustrates a consistent upward trend in the annual collection of CGST, SGST, IGST, and Cess from the fiscal year 2017-18 to 2023-24. This trajectory highlights significant growth in India's GST revenues, which reflects the following key observations:

Table-1.3: Annual Collection of CGST, SGST, IGST and Cess (% to Total)

Year	CGST	SGST	IGST	CESS	Total
2017-18	22.01	31.81	35.75	10.44	100.00
2018-19	23.15	31.87	34.99	9.99	100.00
2019-20	24.14	32.82	33.66	9.38	100.00
2020-21	24.31	31.60	34.92	9.17	100.00
2021-22	24.60	31.46	34.91	9.04	100.00
2022-23	24.52	31.05	35.53	8.89	100.00
2023-24	24.74	31.02	35.50	8.74	100.00

Source: Economic Survey of India Various issue

Stable Proportion of IGST in Total Collections

The proportion of IGST collections relative to the total revenue has remained relatively stable over the period from 2017-18 to 2023-24. IGST's share fluctuated between 33.66 per cent and 35.75 per cent, with a slight increase in recent years, indicating its sustained significance within the GST framework. This stability suggests that IGST continues to play a crucial role in the overall GST revenue structure, despite variations in absolute revenue figures.

Consistent Share of CGST and SGST

The share of CGST in total collections has shown a gradual increase from 22.01 per cent in 2017-18 to 24.74 per cent in 2023-24. Similarly, SGST's share has remained relatively stable, with a slight decline from 31.81 per cent to 31.02 per cent. The consistent proportion of SGST suggests a stable distribution of tax revenue between central

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and state governments, while the gradual increase in CGST's share reflects an expanding central tax base or adjustments in the central tax structure.

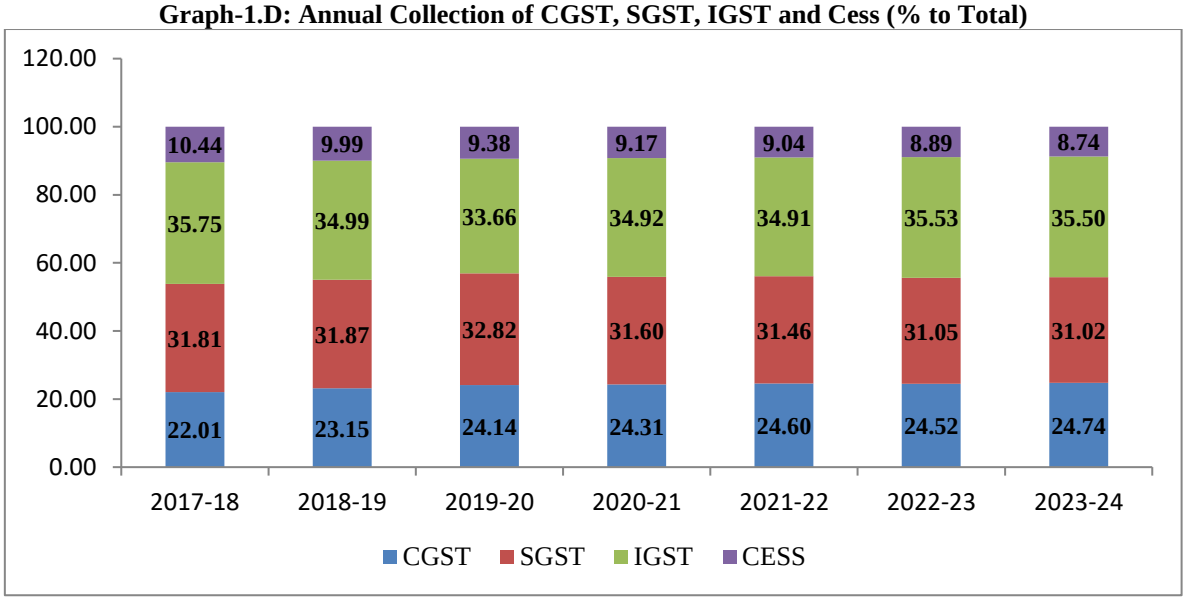
Declining Proportion of Cess

The proportion of Cess relative to total collections has decreased from 10.44 per cent in 2017-18 to 8.74 per cent in 2023-24. This decline in the Cess share indicates a relative reduction in the additional tax burden compared to the main GST components. The decreasing trend could be attributed to changes in Cess-related policies, adjustments in the scope of Cess application, or a greater proportion of overall revenue coming from CGST and IGST.

Revenue Distribution Dynamics

The data reflects a balanced revenue distribution among CGST, SGST, and IGST, with each component contributing a substantial portion of the total GST revenue. The relative stability in the shares of CGST and IGST highlights the effectiveness of the GST system in maintaining equilibrium between central and state tax collections. The slight variations observed in Cess share and CGST share point to ongoing adjustments in tax policy and economic conditions.

Graph-1.D: Annual Collection of CGST, SGST, IGST and Cess (% to Total)



Source: Table – 5.11

The fiscal years 2021-22 and 2022-23 marked a significant resurgence in tax collections across all components. This recovery can be attributed to a revival in economic activity, improved tax compliance measures, and the normalization of trade post-pandemic.

CONCLUSION

High-performing states with strong industrial sectors and effective tax administration have seen significant revenue growth, while states with lower economic activity and inefficient tax administration have lagged. Policymakers should focus on improving compliance, tax administration and economic development through digital infrastructure and taxpayer education. The data highlights a consistent rise in GST revenues, particularly from CGST, SGST, IGST, and Cess, signaling enhanced tax mobilization efforts. While high-performing states lead in collections, lower-performing regions need targeted interventions to improve compliance and economic development. Policymakers should focus on improving tax administration, digital infrastructure, and taxpayer education to sustain this growth. The stable shares of CGST and IGST reflect their increasing importance, while the declining Cess share may warrant policy adjustments. Further research into sector-wise contributions could help optimize the GST system for future growth.

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