

June GST revenue below ₹1 L-cr as second wave saps economy

Revenues for June show a 2% growth compared to the collections in the same month last year

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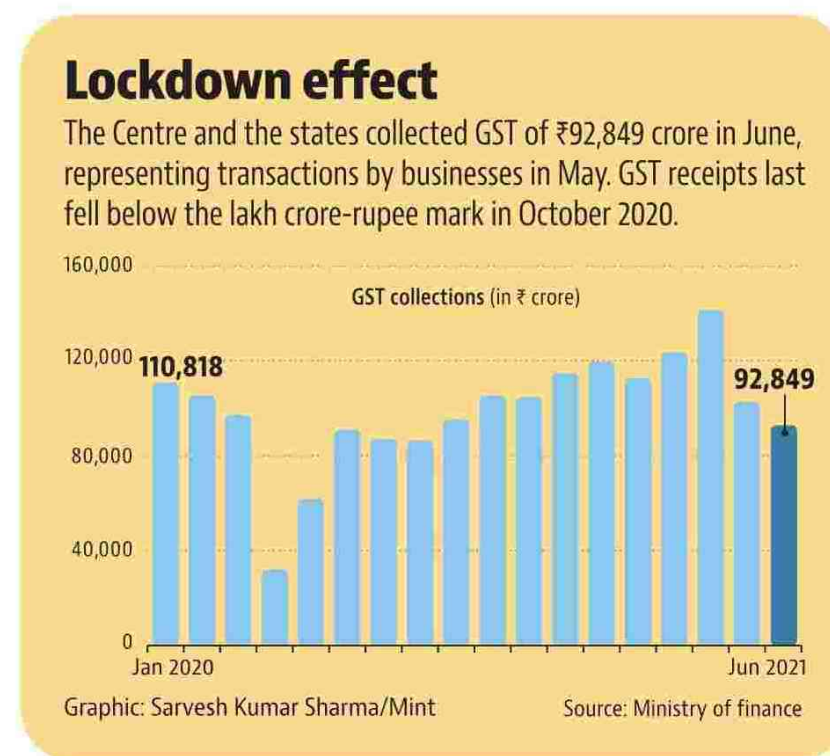
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NEW DELHI: Goods and Services Tax (GST) collection in June, an indication of the volume of business transactions in May, fell below ₹1 lakh crore for the first time since October 2020, on account of the second wave of pandemic, but still posted a 2% year-on-year growth to ₹92,849 crore.

"The GST collection for June 2021 is related to the business transactions made during May 2021. During May 2021, most of the states/union territories were under either complete or partial lock down due to Covid," the finance ministry said while releasing the data.

Last May, all of India was under a nationwide hard lockdown during the month, part of the 68-day lockdown; this year, there was no nationwide lockdown, which meant less disruption in business activities.

Still, during the second week,

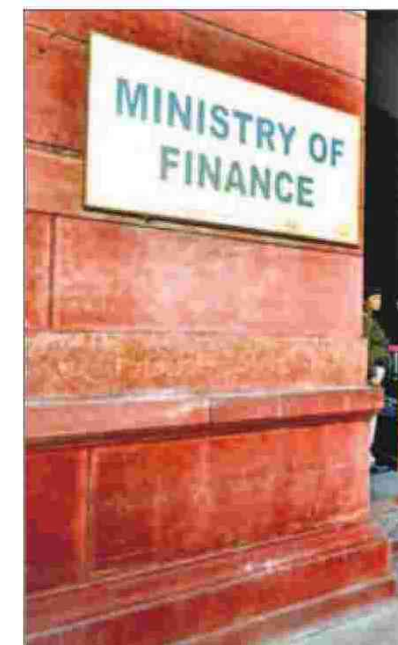


the Nomura India Business Resumption Index fell to a low of 47.8, for the week ended May 10, 2020 from a high of 100.5 seen in the week ending February 16, 2020. The latest reading of the index, where 100 is the pre-pandemic level of business activity stands at 91.3 for the week ending July 4, 2021, bearing out prevailing opinion among many experts and also the Reserve Bank of India (RBI) that the economic impact of the second wave will likely be more tran-

sient than that of the first.

The numbers are being reported a few days later than usual because the government gave some relief measures such as reduction in interest on delayed filings because of the second wave, a ministry spokesperson said.

The month of May saw a sharp decline in business transactions with electronic way (e-way) bills seeing a roughly 32% drop in numbers to 39.9 million compared to 58.8 million



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the preceding month. E-way bills are electronically generated challans required for transportation of goods.

Comparatively, the number of e-way bills in April fell by 17.5% to 58.7 million. Total e-way bills in March this year was 71.2 million.

The GST revenue for May (reflecting actual transactions of April), however, surpassed ₹1 lakh crore mark at ₹1,02,709 crore, but marked a 27% contraction compared to the record

collections of ₹1,41,384 crore in the preceding month.

Abhishek Jain, tax partner at consultancy firm EY India, said, "The [June 2021] collections are for the supplies made in the month of May, where several parts of the country were under the lockdown, so this dip is on the expected lines. With significant relaxations in lockdown and business supplies picking up, the collections should see a definite uptick in the coming months."

The finance ministry spokesperson said the latest data on e-way bills indicates a recovery. Over 54.7 million e-way bills have been generated in June 2021, just a bit lower than those in April. Deloitte India senior director MS Mani said the GST collection in June is "satisfactory" considering the fact that it relates to transactions in May 2021 which was badly impacted by the pandemic. "These numbers also reflect the economic resilience shown during the recent pandemic phase [the second wave]," he said.

While business activities have recovered rapidly from the second wave, there has still been an impact on the economy. S&P on Friday lowered India's GDP growth forecast to 9.5% in the current fiscal year.