

GROWTH SIGNALS: ON GST REVENUES

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The Goods and Services Tax (GST) has [yielded close to 1.65 lakh crore in gross revenues](#) in the last month of 2023. As the Finance Ministry has highlighted, this is the seventh occasion in this fiscal year that GST revenues were over 1.6 lakh crore. The first nine months of 2023-24 have clocked a 12% rise in GST collections, with the monthly intake averaging 1.66 lakh crore, from 1.49 lakh crore in 2022-23. There is a good chance that the tax, which North Block mandarins have often lamented has not delivered as much revenue as was anticipated at the time of its launch, may end up bestowing a bonanza to the exchequer this year. The Budget had factored in monthly GST revenues of around 1.59 lakh crore, so maintaining the current rate should translate into an additional inflow of 80,000-odd crore. While this may provide some buffer for any fresh pre-poll handouts from the Centre ahead of the general election, an expected slowdown in the final quarter of the year may moderate the gains. The Reserve Bank of India's projection was for growth to taper off from 7.7% in the first half of the year to 6.5% in the October to December 2023 quarter and further to 6% in the current quarter. December's GST collections for transactions undertaken in November indicate some moderation in momentum already.

Both the headline number and the growth rate for December were the lowest in three months. In fact, the 10.3% growth was far weaker than the 15.1% recorded a month earlier, and just marginally better than September's 10.2% uptick, which in turn marked a 27-month low. Deepavali, which was closer to the middle of that month, should have spurred some last minute spending boost, but that effect seems to have been insipid. Revenues from domestic transactions grew 13% in December, down from the 14-month high growth of 20% in November, suggesting that the initially healthy festive fervour may have partly hit the 'snooze' button. This is corroborated somewhat by e-way bills generated in November which slid to 87 million from 100 million in October. The government has emphasised resilient domestic consumption steered the economy despite global headwinds. Indicators such as car sales, which crossed the four-million mark in 2023, led by high-end sport utility vehicles, can buttress that belief. But with rural demand likely to be fragile amid bleak prospects for the farm sector, and the festive push already in the past, policymakers, for whom this is the last month of official data to base their Interim Budget premises on, must note the slowing pace while factoring in the additional inflow that seems set to exceed expectations.

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