Syllabus subtopic:

- Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.
- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: key findings of the report; reasons for sluggish non-GST revenues and their impact on fiscal health of the Indian economy; measures to be taken to address them.

News: Even as the government struggles to shore up the GST revenue, the collection of non-GST tax revenue too seems to be subdued at a time when the economy is slowing down.

What do the findings reveal?

- A scrutiny of revenue figures of 16 major states reveals a sluggish growth in non-GST tax collection during the first seven months of the current financial year as compared to the same period last fiscal.
- The data, compiled from unaudited provisional figures of states’ monthly accounts available on the Comptroller and Auditor General of India (CAG) website, shows that combined non-GST tax collection of 16 Non-Special Category states during April-October 2019 was Rs 3,03,106.03 crore, 50.52 per cent of the budget target of Rs 5,99,987.7 crore.
- It is lower in comparison to the 52.72 per cent collected during the same period of the last fiscal against the budget targets of 2018-19.
- The states for which data have been analysed include Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal and Telangana.
- There are 18 Non-Special Category states but the latest data is not available for Bihar and Goa.
- The data have been compared against Budget targets of current and last financial years as comparable full year non-GST revenue figures of states are available only 2018-19 onwards.
- The analysis shows the combined mop-up of State Excise Duties in these states was Rs 81,764.25 crore or 51.29 per cent of their total Budget target during the first seven months of the current financial year. However it was Rs 74,809.6 crore or 55.05 per cent in the year-ago period.
- The state excise duties levied on liquor is the second biggest contributor to the state’s Own Tax revenue after sales tax. Though there is no reason given for the sluggishness in the collection of state excise
duties, it can be attributed to the slowdown as well as prohibition in few states. Besides this, collections of Stamps and Registration Fees and Land Revenue are also subdued.

- During the April-October period of 2019-20, the collection of Stamps and Registration Fees in these 16 states was Rs 68,367.97 crore — 53.40 per cent of the Budgeted target of Rs 1,28,035 crore. However, collection of Stamps and Registration Fees was much faster — 58.33 per cent of the Budget target of Rs 1,10,668.96 crore in the first seven months of 2018-19. The collection of sales tax has also been sluggish this fiscal.

What constitute non-GST taxes?

The non-GST taxes include mainly four taxes:

1. Stamps and Registration Fees;
2. Land Revenue;
3. Sales Tax; and
4. State Excise Duties.

Difference between Nil Rated, Exempt, Zero Rated and Non-GST supplies

<table>
<thead>
<tr>
<th>Supply Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero Rated</td>
<td>Exports</td>
</tr>
<tr>
<td></td>
<td>Supplies made to SEZ or SEZ Developers.</td>
</tr>
<tr>
<td>Nil Rated</td>
<td>Supplies that have a declared rate of 0% GST.</td>
</tr>
<tr>
<td></td>
<td>Example: Salt, grains, jaggery etc.</td>
</tr>
<tr>
<td>Exempt</td>
<td>Supplies are taxable but do not attract GST and for which ITC cannot be claimed.</td>
</tr>
<tr>
<td></td>
<td>Example: Fresh milk, Fresh fruits, Curd, Bread etc.</td>
</tr>
<tr>
<td>Non-GST</td>
<td>These supplies do not come under the purview of GST law.</td>
</tr>
</tbody>
</table>
Example: Alcohol for human consumption, Petrol etc.