



Chhattisgarh Recorded the Highest GST Growth Rate

Why in News?

Chhattisgarh topped the country in [Goods and Services Tax \(GST\)](#) collection growth, posting an **18% increase** over the previous fiscal year 2024-25.

Key Points

- **Factors Behind Chhattisgarh's GST Growth:**
 - **Growth in GST Collections:**
 - Chhattisgarh's total GST and [VAT \(Value Added Tax\)](#) revenue for FY 2024-25 reached Rs 23,448 crore, accounting for nearly 38% of the state's own tax collections.
 - **VAT:** Tax on goods sold, applied at each stage of the supply chain. It is **imposed on goods that are excluded from the GST regime** like alcoholic beverages, petroleum products etc.
 - This sharp increase in tax revenues **highlights the effectiveness of its policy measures** and enforcement strategies.
 - **Streamlined GST Registration Process:**
 - One of the key reforms that contributed to this success is the reduction of GST registration time from **13 days to just 2 days**, significantly improving the ease of doing business in Chhattisgarh.
 - **Technology-Led Monitoring and Enforcement:**
 - The state has employed advanced technology to monitor and recover evaded taxes.
 - Targeted drives and enhanced enforcement actions, such as the establishment of **GST offices across all 33 districts**, have ensured transparency and better taxpayer services.

Goods and Services Tax (GST)

- **About:**
 - GST is a value-added tax system that is levied on the supply of goods and services in India.
 - It is a comprehensive indirect tax that was introduced in India on **1st July 2017**, through the [101st Constitution Amendment Act, 2016](#), with the slogan of '**One Nation One Tax**'.
- **GST Council:**
 - **About:** The GST Council, a **constitutional body** under **Article 279-A (101st Amendment, 2016)**, makes recommendations on GST implementation.
 - GST is a **value-added (Ad Valorem)** and **indirect tax system** that is levied on the supply of goods and services in India.
 - **Members:** The Council includes the **Union Finance Minister (Chairperson)**, Union Minister of State (Finance), and a finance or any other minister from each state.
 - **Nature of Decisions:** In the **Mohit Minerals case, 2022**, the Supreme Court ruled GST Council recommendations are not binding, as Parliament and states have **simultaneous**

Impact of GST



Economy

- Dual monitoring by the Centre and states to reduce tax evasion
- Better compliance through real time matching of supplier and purchaser
- Reduction in the approx Rs 1.8 lakh crore annual loss due to excise duty exemptions
- Cut in Rs 1.5 lakh crore estimated loss to states due to tax exemptions



Companies

- Tax credits to **lower their tax burden, improve profit margin**
- **No distinction** between product and service for tax purposes
- Uniform tax across the country to **ease doing business**
- **Smooth movement** of products across states
- One-time increase in compliance cost likely



Consumer

- Most products are likely to be less expensive over time
- Most services (eg. restaurants, travels, mobile bills, insurance premium) likely to cost more
- Mobiles, Jewellery, some ready made wear in some states may cost more

What is not part of GST

Alcohol

Industry keen, states block move to include alcohol for human consumption. They want total freedom to tax the sin good

Petroleum

States don't want to give up power to tax, given this is an easy revenue

source. Petrol, diesel, aviation fuel, natural gas and crude stay out for two years

Real Estate

Stamp duty to remain on sale of property but service tax, where applicable, to be part of GST

PDF Refernece URL: <https://www.drishtias.com/printpdf/chhattisgarh-recorded-the-highest-gst-growth-rate>

