

# GST compliance rises to half of usual level

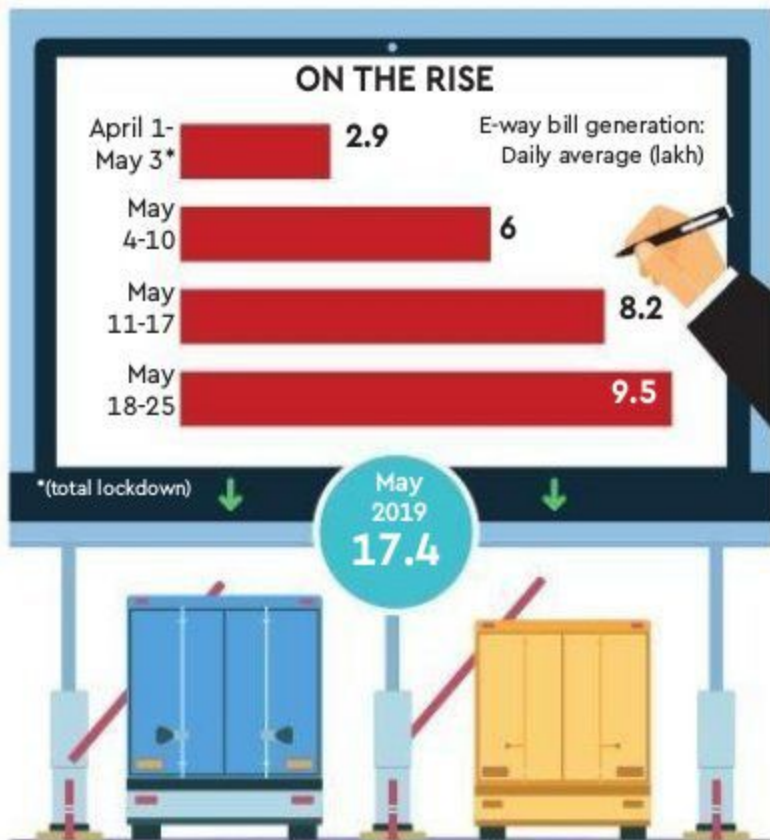
Since the lockdown relaxations in early May, e-way bill generation on GSTN portal has risen steadily

SUMIT JHA

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**IN A SIGN** that business activities are looking up, albeit gradually, the average number of e-way bills generated per day on the Goods and Services Tax Network (GSTN) portal rose to 9.4 lakh in the third week of the current month (May 18-25), compared with 8.2 lakh and 6 lakh respectively for the two preceding weeks.

Of course, still the economic transactions are way behind what could be considered normal — in May last year, 17.4 lakh e-way bills were generated on GSTN portal and subsequent months saw this going up due to a drive by the authorities to improve compliance — but it is nevertheless clear that with the lockdown rules being relaxed, the transactions have been on the rise from early May. The transactions in the economy have crossed the half-way mark



of the business as usual scenario. In April, the month which saw strict observance of the lockdown, e-way bills on GSTN had plunged to less than 3 lakh/day.

In February, an average of 19.7 lakh e-way bills were issued by the portal on a daily basis. However, in March, which is otherwise the busiest month of the financial year, the average e-way bills generated dropped

to 13.1 lakh/day due to lockdown imposed in the last week of the month.

Analysts have opined that the nation-wide lockdown since March 25 and a Covid-induced slowdown in economic activity even earlier may have dragged down growth in the range of 1.2-1.9% in Q4FY20.

Continued on Page 2



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The full-year (FY20) growth may thus slip to as low as 4.2-4.3%, against the second advance estimate of 5% (projected before the spread of the pandemic). As for the first quarter of FY21, when economic activities came to a standstill, some analysts expect growth to contract by as much as 25-40%.

CRISIL predicts India's growth to fall off the cliff and contract 5% in fiscal 2021, mowed down by the Covid-19 pandemic. Stating that economic conditions have precipitously slipped since its mid-April forecast of 1.8% GDP growth, the agency said the first quarter will suffer a massive contraction of 25%.

The services sector saw a record slump in April, much sharper than the slide in man-

conomic activity across India. Since April was a complete lockdown the e-way bills generated had fallen to a record low. The uptick of e-way bills generated in May clearly shows green shoots of goods movement and economic activity."

A new set of more relaxed guidelines was issued on May 17 for the fourth phase of lockdown. Experts said more e-way bills were required last week as economic activity including app-based cab services, markets, shops and other commercial establishment were allowed to operate. Further, private offices were also allowed to function with full strength.

"As normalcy is gradually restored in trade and business, the number of e-way bills generated by the taxpayers during a day has multiplied if we compare it with previous phases of lockdowns. These numbers will slowly grow as trade and industry is further allowed relaxations," Himanshu Relan, partner at Nangia & Co, said.

