

Higher tax mop-up shows no slowdown post note ban: Finance Minister Arun Jaitley

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Finance Minister Arun Jaitley on Monday said the growth in direct and indirect tax collections in December and during April-December period suggest that Indian economy was not adversely affected due to withdrawal of high denomination currencies. "Since there has been a considerable debate in the public space as to the impact of currency (withdrawal) in the months of November and December, the data of these two months becomes relevant," Jaitley said while releasing the tax collection data.

Indirect taxes grew by 14.2 per cent in December, due to increase in excise and service tax collections, while direct taxes increased by 14.4 per cent. In April-December period, direct tax collections rose 12.01 per cent to Rs 5.53 lakh crore, while indirect tax collections increased 25 per cent to Rs 6.30 lakh crore. However, the tax collection data for April-November shows that the growth rate fell in December. In April-November, direct and indirect tax collections grew 15.1 per cent and 26.2 per cent, respectively.

To a query on the divergence in the Gross Domestic Product (GDP) growth number and tax collection data, Jaitley said: "We will only comment on final figures (of GDP). Today we only have advance estimates presumption. Tax collection data are real it is not a presumption."

India's GDP growth is seen decelerating to 7.1 per cent in 2016-17 (April-March) from 7.6 per cent last year, primarily due to slowdown in manufacturing, mining and construction sectors, the first advance estimates released by the Central Statistics Office (CSO) showed last week. The advance estimates of GDP for 2016-17 are based on sectoral data for the first seven months of this financial year (April-October) and do not reflect the impact of the government's November 8 decision to scrap high-denomination currency notes of Rs 500 and Rs 1,000 on economic growth.

The worst affected sectors included manufacturing and mining sectors, with the gross value added (GVA) growth for manufacturing sector expected at 7.4 per cent, down from 9.3 per cent growth seen a year ago.

Asked about reports of job losses post demonetisation, Jaitley said: "All these stories and reports are anecdotal. The growth figure does not depend on anecdotal basis... Statistics and taxation figures are real. This is the money which has come in."

Excise collection in December grew 31.6 per cent to about Rs 36,000 crore. Service Tax realisation grew 12.4 per cent to Rs 23,000 crore. Collection of indirect taxes, which comprise excise, service tax and customs, was up 14.2 per cent to about Rs 76,000 crore in December.

Jaitley said VAT (Value Added Tax) collections in most states have shown an increase and they also received taxes in the old currency in November. "In my opinion, all well administered states have seen rise in VAT collection even in November." Many opposition ruled states had claimed that their revenue collections have been hit by demonetisation.

Centre's excise collection was up 43 per cent at Rs 2.79 lakh crore, while service tax rose 23.9 per cent to Rs 1.83 lakh crore in April-December. Customs duty receipts were up 4.1 per cent at Rs 1.67 lakh crore.

(Indian Express)