

1. **buoyancy** (noun) – vigour/strength, high level of activity, growth.
2. **scale a new high/height** (phrase) – to achieve a high level of success in a particular activity.
3. **slow down** (phrasal verb) – become less active, become less effective, ease off.
4. **owing to** (phrase) – because of, as a result of, on account of.
5. **private consumption or consumption expenditure** (noun) – the spending by households (consumers) on goods and services, excluding new housing.
6. **tepid** (adjective) – unenthusiastic/uninterested, halfhearted, lukewarm.
7. **harbinger** (noun) – indicator, announcer, herald.
8. **succour** (noun) – aid/help/support, assistance, relief.
9. **sustain** (verb) – preserve, conserve; support, bolster up.
10. **fiscal deficit** (noun) – the difference between total expenditure and total income of the government.
11. **come as a surprise** (phrase) – to be unexpected, to make someone feel surprised.
12. **lacklustre** (adjective) – dull, uninspired, uninteresting.
13. **adversely** (adverb) – unfavourably, disadvantageously, badly.
14. **perplexing** (adjective) – puzzling, bewildering, mystifying/mysterious.
15. **attribute** (verb) – ascribe, assign; connect/associate with.
16. **compliance** (noun) – observation, adherence, conformity.
17. **amidst** (preposition) – amid, in the middle of; during.
18. **surge** (noun) – sudden increase, rise, growth.
19. **disaggregated data** (noun) – data that has been broken down by detailed sub-categories, for example by marginalised group, gender, region or level of education.
20. **spur** (verb) – stimulate, galvanize, encourage/motivate.
21. **enforcement** (noun) – imposition, implementation, execution.
22. **secular** (adjective) – relating to a fluctuation/trend happening slowly over a long period of time.
23. **lose sight of** (phrase) – pay no attention to, let slide, not attend to.
24. **advent** (noun) – arrival, appearance, emergence/occurrence.
25. **myriad** (adjective) – a great number, unlimited, various.
26. **nudge** (noun) – encouragement, prompt, stimulus/push.
27. **stick** (noun) – a threat of punishment or unwelcome measures.
28. **carrot-and-stick** (adjective) – a policy approach that offers both a reward and threat of punishment.

## GST buoyancy

### With collections hitting a record high, the next step should be to simplify the tax regime

The final month of financial year 2018-19 has given the government some reason for cheer. Targets for indirect tax collections may have been missed for the last year, but **collections from the Goods and Services Tax** in April for economic activity in March scaled a new high. The GST inflows of ₹ 1,13,865 crore in April are the highest recorded since the tax regime was introduced in July 2017. They represent an increase of over 10%

compared to the same month a year ago, and over 15% buoyancy over the average monthly GST collections in 2018-19 of ₹ 98,114 crore. To be clear, GST revenues have crossed the ₹ 1 lakh crore mark in March, January and October as well. The government has acknowledged that economic growth did slow down in 2018-19, owing to declining private consumption growth, a tepid increase in fixed investments and muted exports. The hope would be that the latest GST numbers are a harbinger of better growth momentum for 2019-20. The growth rate of the economy fell from 8.2% in the first quarter to 7.1% in the second and 6.6% in the third, so any improvement in the final quarter numbers due at the end of May should provide some succour. Healthier GST collections, if sustained, will also mean less pressure on the Centre to cover its fiscal deficit.

The April GST numbers have come as a surprise to many experts, given the lacklustre economic activity witnessed across many sectors in recent months, which should normally have impacted tax collections adversely. This perplexing trend may be attributed to increasing compliance among businesses amidst the aggressive push by the tax authorities to widen the tax base. GST filings, for instance, were the highest in March this year. However, the April surge has occurred despite a decrease in the total number of GSTR-3B returns filed by businesses, from 75.95 lakh in March to 72.13 lakh in April. In the absence of more disaggregated data, it could be argued that tax rate cuts by the GST Council in December too may have spurred higher volumes for some goods and services. The rush to pay tax arrears at the end of the financial year may have been another seasonal factor contributing to better tax collection during the last month. Enforcement action by the taxman to collect more revenue from registered taxpayers who have not been filing returns could be yet another factor. It is still too early to assume that this is the beginning of a secular trend. One must not lose sight of the need for further simplification of the GST regime once the election season is over. A significant number of businesses have already been brought into the tax net since the advent of the GST. In order to encourage greater compliance, there must be efforts to make it easier for small firms to remain in the tax net by cutting down the time and energy required to fill myriad tax returns. A nudge would be preferable to the stick.