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"Changes in tax collection in Jaisalmer after the implementation of GST – A comparative study"

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Abstract

The Goods and Services Tax (GST) was implemented in India on July 1, 2017, as a landmark reform in the country's indirect tax system, aiming to simplify, streamline, and integrate the tax structure. This research paper aims to conduct a comparative and analytical study of the changes in tax collection in Jaisalmer district of Rajasthan before and after the implementation of GST. The study utilizes secondary data from the Commercial Tax Department, Jaisalmer, for the periods 2010–2017 (Pre-GST) and 2017–2024 (post-GST). The study reveals that prior to GST, indirect tax collection in Jaisalmer district was primarily based on VAT and CST, which, while showing revenue growth, was characterized by a complex, multi-layered, and less transparent tax system. The initial year of GST implementation (2017-18) witnessed a temporary decline in tax collection, mainly due to the adaptation process for businesses, technical issues, and compliance challenges. However, subsequently, a significant and sustained increase in tax collection through SGST was observed. Although several challenges were encountered in the initial years, tax compliance improved over time, leading to a substantial increase in revenue collection. This research provides a useful reference for tax policy formulation and administrative reforms at the district and state levels.

Key Word: - GST, Business, Tax collection, VAT, Revenue, Administration

Introduction

The Goods and Services Tax (GST) in India brought about a historic transformation in the country's indirect tax structure. GST unified various taxes—such as VAT, service tax, excise duty, cess, and numerous local and state-level taxes—realizing the concept of "One Nation, One Tax." The primary objective of this tax system was to make the tax system transparent and business-friendly, eliminating the cascading effect of taxes and increasing revenue collection at both the state and national levels. In Rajasthan, GST has significantly impacted revenue collection methods, tax administration, and business compliance. The state's economy relies heavily on tourism, mining, agro-based industries, handicrafts, and the service sector, and the impact of GST is directly visible in all these areas. In this context, Jaisalmer district holds a unique position in Rajasthan's economy. This district is a global tourism hub, attracting millions of domestic and international tourists every year. Furthermore, the hotel industry, camel safaris, transportation services, local handicrafts, sand and stone-based mining industries, and trading activities contribute significantly to the district's economic identity. Since the implementation of GST, these sectors have witnessed several structural changes in tax compliance, tax base, and revenue collection. Before GST, tax collection in Jaisalmer was primarily based on systems like VAT, Entry Tax, Luxury Tax, and Service Tax, each with varying tax rates, procedures, and administrative provisions. With the implementation of GST, the tax system became centralized, the return filing process was digitized, the use of technologies like e-way bills and e-invoicing increased, and there was a change in the tax behavior of businesses. The resulting changes in the district's revenue collection are a crucial subject of study.

Tax System in Jaisalmer Before GST: Jaisalmer district, a border, desert, and tourism-centric region of Rajasthan, was particularly affected by the pre-GST tax system. At that time, the tax structure was administered through the central government, state government, and local bodies, leading to a lack of transparency and simplicity in the tax system. The major indirect taxes levied by the central government before GST included Central Excise Duty, Service Tax, and Customs Duty. Since Jaisalmer is a major tourist destination, the impact of Service Tax was clearly visible on the hotel industry, tour operators, and travel agencies. Among the taxes levied by the state government, Value Added Tax (VAT) was of particular importance. In addition, Central Sales Tax (CST) was levied on inter-state trade, which put Jaisalmer's traders at a competitive disadvantage compared to traders in other states. Entry Tax was also applicable on several goods, increasing the cost of goods. Entertainment Tax was levied on cinema halls and cultural programs, while Luxury Tax was levied on hotels and resorts, directly impacting the tourism industry. Various taxes were also levied by local bodies. These taxes required traders to interact with numerous departments, making the compliance process complex and time-consuming. Thus, the tax system in Jaisalmer before GST was complex, uneven, and inefficient. Taxes had a dual impact on tourism and trade, and there was a lack of transparency in the tax collection process.

Jaisalmer's Taxation System After GST: - After the Goods and Services Tax (GST) was implemented in India on July 1, 2017, the government's objective was to create a unified, simplified, and transparent indirect tax system for the country. Jaisalmer's taxation system witnessed significant structural changes after the implementation of GST, which had a positive impact on trade, tourism, and tax collection. As a result, a uniform tax structure was implemented on goods and services in Jaisalmer. In Jaisalmer, CGST and SGST are applicable to intra-state transactions, while IGST is levied on inter-state trade originating from Jaisalmer. This system ensured the equitable distribution of tax revenue between the central and Rajasthan state governments. The business sector in Jaisalmer saw remarkable improvements after GST. The availability of Input Tax Credit (ITC) eliminated the problem of cascading taxes and reduced business costs. The compliance process became significantly easier, especially for small and medium-sized businesses. Being a tourism-centric district, the impact of GST was clearly visible on hotels, restaurants, travel agencies, and transportation services in Jaisalmer. Previously, service tax, luxury tax, and VAT were applied separately, but with the implementation of GST and a single tax rate, the tax structure became more transparent. This provided stability and formalization to the tourism industry in the long run. From a tax administration perspective, Jaisalmer also saw improvements after GST. Tax collection through digital platforms, the e-way bill system, and online monitoring helped control tax evasion and increased government revenue.

Literature Review

Numerous studies have been conducted on the topic of GST by various researchers, government institutions, and economic analysts. GST has brought about significant changes in the tax system of both India and Rajasthan. However, studies on the actual changes in tax collection due to GST at the district level, particularly in the context of Jaisalmer district, are relatively scarce.

1. Udai Lal Paliwal1, Nitin Kishore Saxena2 Ashutosh Pandey3 (2019) This study examines the impact of the Goods and Services Tax (GST) on tax revenue in India after its implementation. The objective is to understand how GST has affected tax responsiveness and tax buoyancy, and whether it has led to more efficient and stable revenue collection. The research uses national-level secondary data from 1980–81 to 2017–18, with total tax revenue and Gross Domestic Product (GDP) as the main variables. The data was compiled from Government of India budget documents and Reserve Bank of India (RBI) publications. The findings indicate some improvement in tax responsiveness in the long run, but the expected sharp increase in tax buoyancy after GST implementation is not observed, and the tax-to-GDP ratio remains relatively stable. The study concludes that further improvements in the GST rate structure, tax administration, and compliance enforcement are necessary for sustained fiscal stability
2. Neeta Subhash Sharma1*, Vijay Dayama (2020) The available literature indicates that GST has brought about significant changes in India's tax system. Several studies have found that the implementation of GST has led to increased transparency and efficiency in indirect tax collection. Some studies have analyzed GST revenue on a year-on-year and month-on-month basis, demonstrating a consistent increase in revenue, with particularly notable growth in 2018 and 2019. Comparative studies across different states reveal variations in GST revenue collection based on factors such as tax compliance, economic activity, and administrative capacity.
3. Santosh Kumar Dash 1, Kiran Kumar Kakarla Pudi (2021) While Kerala witnessed an increase in revenue after the implementation of GST, the pace of growth was slower compared to several other leading states. The decline in the GST-to-GSDP ratio indicates that the revenue generated from GST did not increase proportionally to the state's economy as expected. In contrast, states like Maharashtra, Karnataka, and Gujarat recorded better tax buoyancy and consistent revenue growth. According to the literature, despite the high potential of the service sector, tourism, and consumer spending in Kerala, the tax base has not been fully captured, primarily due to weak compliance, limited use of IT, and tax evasion. In conclusion, policies aimed at broadening the tax base, strengthening compliance, implementing data-driven administration, and reducing dependence on central government compensation are considered essential.
4. Sacchidananda Mukherjee (2020) This study analyzes previous work on tax evasion, tax compliance, and indirect tax systems such as GST in various countries. Previous studies have mostly focused on the impact of tax rates, tax complexity, administrative capacity, and taxpayer behavior on revenue. Some research has also conducted comparative studies of revenue patterns before and after the implementation of VAT/GST. However, most of the literature lacks analysis of compliance gaps at the state level, state-wise GST collection, and detailed state-level analysis in the Indian context. This paper attempts to fill this gap by comprehensively measuring the state-level compliance gap, revenue performance, and structural differences of the Indian GST.
5. Dr Namrata Golyan and Chandra Prakash Meghwal (2025) This paper examines recent reforms in India’s Goods and Services Tax system, focusing on the move to a simplified two-slab structure and its economic implications. Using secondary data from government reports, academic studies, and financial publications, the study analyzes expected effects on consumer prices, business operations, and overall economic activity. A qualitative, descriptive approach is used to compare the earlier multi-slab regime with the proposed streamlined design. The analysis indicates that lower

and consolidated rates may improve consumer affordability, reduce compliance burdens, and stimulate consumption, production, and employment. At the same time, the study notes concern about possible revenue loss for states, uneven sectoral impacts, and administrative challenges during transition. The paper concludes that the reformed Goods and Services Tax have the potential to enhance transparency and support long-term growth and self-reliance, provided that implementation is carefully managed and compensatory measures address fiscal and technical risks.

Need for the Study

This study will provide a scientific, comparative, and empirical analysis of the changes in tax collection in Jaisalmer district before and after the implementation of GST.

It is not only useful from a research perspective but will also provide crucial data and suggestions for policy formulation at the district and state levels. Jaisalmer district is known for its local economy based on trade, tourism, hospitality, mining, transportation, and handicrafts. After the implementation of GST, the district has witnessed structural changes in tax administration, return filing, tax compliance, revenue collection, and business practices. It is essential to understand whether these changes have had a positive, negative, or mixed impact on the district's tax collection. Jaisalmer's economy is tourism-based. It is crucial to understand how the changes in GST rates, input tax credit, hotel tax, travel services, and restaurant tax have affected tax collection. Revenue growth is a significant indicator of the economic health of any district. This study will clarify the changes that have occurred at the district level in trade, investment, employment, demand for services, and economic activities due to GST.

Objectives of the Study

1. To conduct a comparative analysis of tax collection before and after the implementation of GST.
2. To study the impact of GST on the major economic activities of Jaisalmer district, such as tourism, the hotel industry, transportation, mining, and trade.
3. To identify the improvements and challenges in tax administration and the revenue system at the district level after the implementation of GST.
4. To analyze the experiences and perspectives of traders, tax officials, and other stakeholders regarding GST.
5. To provide recommendations for tax policy reforms at the district and state levels based on the findings of the study.

Hypothesis:

H1: Tax collection in Jaisalmer district has increased after the implementation of GST.

H0: There has been no significant change in tax collection in Jaisalmer after the implementation of GST.

Research Methodology

This study is based on descriptive, comparative, and analytical research methodologies. Its objective is to scientifically analyze the changes in tax collection in Jaisalmer district before and after the implementation of GST. The results from other districts of Rajasthan or other states are not directly included in this study. The study period is divided into the following two phases:

Pre-GST period: 2010–2017

Post-GST period: 2017–2024

A comparative analysis of tax collection data from these periods will be conducted. The study focuses on key indirect taxes such as VAT, CST, etc. The study will specifically analyze the impact of GST on the major economic activities of Jaisalmer: tourism and hospitality (hotels and restaurants), travel and transportation, mining and mineral-based industries, local trade and services.

Data Collection: - The study will utilize both primary and secondary data. Primary data includes interviews with GST officials and tax experts, and experiences related to GST compliance (return filing, e-way bill usage). Secondary data includes annual reports of the Rajasthan Commercial Taxes Department, district-wise reports available from the GSTN Portal, Rajasthan Budget Documents, District Statistical Handbook, published research papers, books, and government websites.

Statistical Tools: - This study uses Percentage Analysis, Growth Rate, Arithmetic Mean, Comparative Analysis, and Graphical Presentation.

Analytical study before and after GST: - Based on the data available from the Commercial Tax Department of Jaisalmer district, an analysis of tax collection before and after GST has been conducted: -

Detail of Revenue collection from commercial Tax department, Jaisalmer

Year	No. of Registered Dealer	Revenue of VAT (In Lakh)	Revenue of CST (In Lakh)	Revenue of SGST (In Lakh)	Total Revenue (In Lakh)
2010-11	2843	1641.02	16.40		1657.42
2011-12	2918	1682.83	21.29		1704.12
2012-13	3196	2355.21	18.56		2373.77
2013-14	3159	3122.58	53.61		3176.19
2014-15	3687	2733.25	78.27		2811.52
2015-16	4072	3365.59	104.03		3469.62
2016-17	4793	4366.94	143.13		4510.07
2017-18	5133	2345.67	57.10	901.75	3304.52
2018-19	6344	1353.91		3418.77	4772.68
2019-20	3843	818.29		3512.11	4330.4
2020-21	4752	639.52		5161.76	5801.28
2021-22	5249	2877.19		7403.44	10280.63
2022-23	5300	4723.66		7429	12152.66
2023-24	6075	4000.98		6809.20	10810.18
2024-25	7360	475.42		12398.16	12873.58

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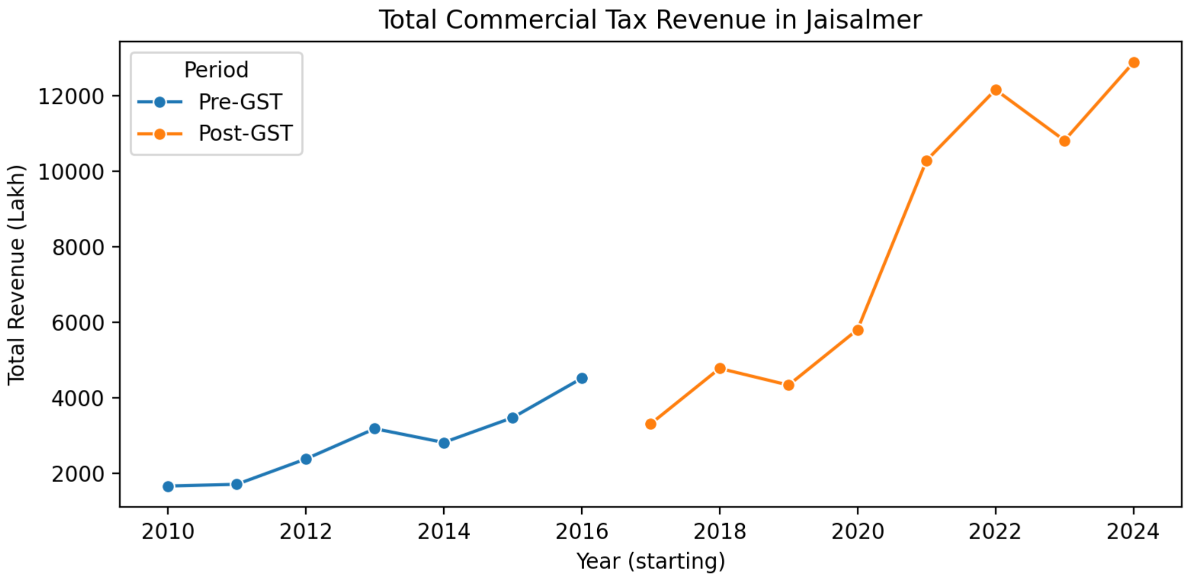

In the pre-GST period (2010-11 to 2016-17), indirect tax collection in Jaisalmer district was primarily based on Value Added Tax (VAT) and Central Sales Tax (CST). During this period, the number of registered traders increased from 2843 to 4793, reflecting the expansion of business activities in the district. Revenue from VAT showed a consistent increase, rising from ₹1641.02 lakh in 2010-11 to ₹4366.94 lakh in 2016-17. Similarly, revenue from CST also increased from ₹16.40 lakh to ₹143.13 lakh. Overall, indirect tax collection reached ₹4510.07 lakh in 2016-17. Although revenue was increasing, the tax system was multi-layered, complex, and prone to tax evasion. Following the implementation of GST on July 1, 2017, the tax structure in Jaisalmer district underwent a fundamental change. VAT and CST were abolished, and State Goods and Services Tax (SGST) was introduced. In the initial year of GST implementation, 2017-18, total indirect tax collection decreased to ₹3304.52 lakh. This was mainly due to the adaptation process of traders to the new tax system, technical difficulties, and compliance issues. This decline was temporary and can be considered a transitional effect of GST. A few years after the implementation of GST, a significant improvement in indirect tax collection was observed in Jaisalmer district. Revenue from SGST, which was ₹901.75 lakh in 2017-18, increased to ₹7403.44 lakh in 2021-22 and further to ₹12398.16 lakh in 2024-25. During the same period, total indirect tax collections increased from ₹10,280.63 lakh in 2021-22 to ₹12,873.58 lakh in 2024-25. Simultaneously, the number of registered taxpayers also rose from 5,133 to 7,360, indicating that GST has expanded the tax base and brought more businesses into the formal tax system. Comparatively, the pre-GST tax system was relatively complex and limited, while the post-GST system has become simpler, more transparent, and technology-driven. Features such as the GSTN portal, online filing of returns, and input tax credit have facilitated tax compliance, leading to a significant increase in revenue collection over the long term.

Problems and Challenges: - Initially, Jaisalmer had various state and central indirect taxes in place, including VAT, service tax, excise duty, etc. With the implementation of GST, all these taxes were consolidated. While the objective was clear, in reality, it presented several new problems and challenges for both businesses and the tax administration. The process of registration, invoicing, and return filing on the GST portal proved complex for many businesses. Small and marginal businesses, in particular, faced difficulties due to a lack of technical expertise. The state government experienced a temporary decline in revenue in the initial years due to difficulties in proper tax collection. Businesses were slow to transition from the old system to the new GST system. The application of relatively higher rates on some products and services posed a challenge for businesses, forcing them to either increase product prices or absorb the costs, impacting their profitability. Both businesses and tax officials lacked sufficient knowledge of GST rules and compliance procedures. This led to a common problem of incorrect return filing. Delays in obtaining Input Tax Credit (ITC) and refund processes put pressure on the cash flow of businesses. Limited resources made it difficult for tax authorities to conduct adequate tracking and inspections. GST aimed to integrate the tax system in Jaisalmer and, in the long run, promised improved transparency and tax collection. However, in the initial years, technical, training, and cash flow-related problems were clearly evident. Over time, as businesses and the administration adjusted, these challenges gradually diminished, and GST has contributed to strengthening the tax system in Jaisalmer's economy.

Results: - Based on this research study, it can be concluded that the Goods and Services Tax (GST) has brought about positive long-term changes in the indirect tax system of Jaisalmer district. In the pre-GST period (2010–2017), the district's tax collection was primarily based on VAT and CST, which showed a gradual increase in revenue, but the tax structure was complex, multi-layered, and less transparent. After the implementation of GST, a temporary decline in tax collection was observed in the initial year (2017–18), mainly due to the adaptation process of traders, technical issues, and a lack of awareness about the new system. However, this decline proved to be short-lived. In subsequent years, a continuous and significant increase in tax collection was observed through GST. The rapid increase in total indirect tax collection and the rise in the number of registered traders by 2024–25 indicate that GST has expanded the tax base. The study clearly shows that GST has made tax administration in Jaisalmer more digital, transparent, and efficient. Thus**, the research hypothesis (H1) is proven: that GST implementation has led to a long-term and sustained increase in tax collection in Jaisalmer district.**

Conclusion: - This research study clearly shows that the Goods and Services Tax (GST) has brought about significant structural changes in the indirect tax system of Jaisalmer district. Before GST, tax collection in Jaisalmer was primarily based on multi-layered and complex tax systems like VAT and CST, which led to difficulties in tax compliance, cascading tax effects, and limited transparency. Although there was a gradual increase in tax collection during this period, the tax system was relatively disorganized and less effective. After the implementation of GST, a temporary decline in tax collection was observed in the initial years, which was a result of transitional problems, technical complexities, and the adaptation process of traders. However, in subsequent years, a continuous and significant increase in tax collection was observed through SGST. The substantial increase in total indirect tax collection by the year 2024-25 indicates that GST has expanded the tax base in Jaisalmer district and brought more traders into the formal tax system. The study also concludes that GST has made tax administration more digital, transparent, and accountable. Systems like e-way bills, online return filing, and input tax credit have made it possible to control tax evasion. Being a tourism-dominated district, the long-term impact of GST on the hotel, transport, and service sectors in Jaisalmer has been positive. Thus, the hypothesis (H1) of the study is proven, which states that there has been a long-term increase in tax collection in Jaisalmer district after the implementation of GST.

Suggestion: - To simplify GST compliance, regular training, workshops, and digital literacy programs should be organized for small and marginal traders in Jaisalmer district. Internet connectivity and the functionality of the GST portal need to be strengthened in remote and border areas. For a tourism-dominated district like Jaisalmer, a rational balance should be established in GST rates on hotels, restaurants, and travel services to encourage tourism and increase revenue. Continuous awareness campaigns should be conducted at the district level to increase awareness among traders and service providers about the benefits, obligations, and rules of GST. Further research could compare Jaisalmer with other tourism districts in Rajasthan, allowing for a more comprehensive analysis of the regional impacts of GST.

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