

Net GST revenue grows 20.4% to ₹1.7 trillion on import taxes

MONIKA YADAV
New Delhi, 1 June

Receipts of goods and services tax (GST) after adjusting for refund grew 20.4 per cent year-on-year (Y-o-Y) to ₹1.73 trillion in May on the back of a sharp increase of 72.9 per cent in Customs-related revenue and a decline of 4 per cent in refund outgo, according to the data released by the finance ministry.

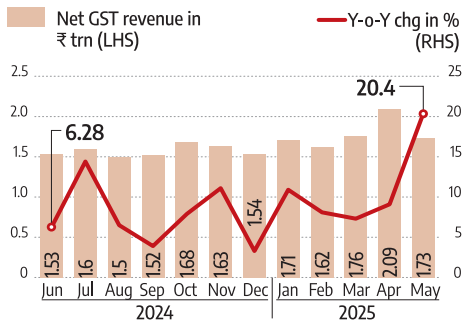
Sequentially, there has been a nearly 17 per cent drop over April's net GST collection, which stood at ₹2.09 trillion.

Gross GST collection in May rose 16.4 per cent to ₹2.01 trillion, with the yield from domestic sources rising 13.7 per cent and import-related revenue going up a sharper 25.2 per cent. Gross GST collection had reached an all-time high of ₹2.4 trillion in April, registering a growth rate of 12.6 per cent.

Abhishek Jain, head, indirect tax, and partner, KPMG, said it was encouraging to see gross GST collection again crossing ₹2 trillion in May. "While April's spike was expected with year-end reconciliations, consistency this month, along with 16 plus per cent Y-o-Y growth, points to strong underlying momentum and a recovery that's clearly taking hold," he added.

Turn to Page 5 ►

Robust show



Mixed bag



	GST collection in May (₹ trn)	Y-o-Y chg (%)
Gross	2.01	16.4
Total refund	0.27	-4
Domestic	1.49	13.7
Import	0.51	25.2

Note: Provisional data Source: GST portal

Car sales largely flat in May

SEC II, P7 ►

UPI hits all-time high, crosses ₹25 trillion in value

Outlook for food inflation may depend on monsoon

“With CPI inflation forecast to trail 4 per cent for a large part of this financial year, the MPC’s monetary easing is likely to continue. A 25 bp rate reduction is expected next week, followed by two more cuts over the subsequent policy reviews, taking the rate to 5.25 per cent by the end of the cycle,” said Aditi Nayar, chief economist at Icra.

India’s retail inflation eased further in April, slipping to 3.16 per cent from 3.34 per cent in March, driven by a sharp decline in vegetable and pulse prices. This marked the lowest CPI inflation since July 2019, when it stood at 3.15 per cent. Food inflation also dropped significantly, hitting a 42-month low of 1.78 per cent in April, compared to 2.69 per cent in March.

The decline was primarily led by an 11 per cent year-on-year fall in vegetable prices and a 5.23 per cent drop in pulses, the steepest in over six years.

“There could be some downward revision in the CPI inflation estimate from 4 per cent. Food inflation has shown broad-based deceleration across vegetables, pulses, and cereals,” said Gaura Sen Gupta, chief economist, IDFC FIRST Bank. She, however, said the outlook for food inflation would depend on the distribution of the monsoon. “Given this uncertainty, the RBI would prefer to maintain some buffer in its estimates for potential food price shocks. FY26 CPI inflation could be revised down to 3.8 per cent,” she said.