

# Net GST mopup growth slows to 6.5%

Experts say increased refunds key factor but see robust growth ahead with start of festival season

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Net goods and services tax (GST) collection fell 9.2 per cent to ₹1.5 trillion in August from ₹1.65 trillion in the previous month, particularly due to increased refunds.

Even compared to the same month last year, net receipts growth slowed to 6.5 per cent in August compared to 14.4 per cent in July, according to provisional data released by the government on Sunday.

The gross collection, which is the number before adjusting refunds, stood at ₹1.75 trillion in August, with growth tapering slightly to 10 per cent Y-o-Y from 10.3 per cent in the previous month. Gross revenue stood at ₹1.82 trillion in July 2024. In July and August 2023, it came in at ₹1.66 trillion and ₹1.59 trillion, respectively. So far in the current financial year (FY25), the total GST collection has been 10.1 per cent higher at ₹9.13 trillion, against ₹8.29 trillion collected in the corresponding period of 2023. The August figures capture goods and services transactions related to July.

## Holding out hope

Experts believe that despite a decline in net GST revenue due to increased refunds, the continued growth in gross GST collections indicate a robust economy.

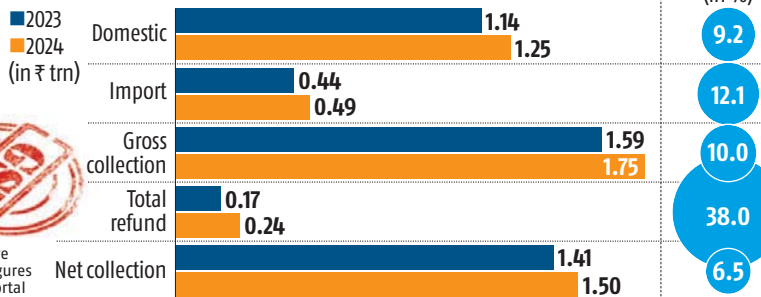
The shift towards self-reliance is evident in the decreased imports and



Note: These are provisional figures  
Source: GST portal

## IN THE KITTY

Overall mopup in August



increased exports, said Saurabh Agarwal, tax partner at consultancy firm EY. August recorded 12.1 per cent growth in imports to ₹49,976 crore. This was higher than domestic revenue which grew 9.2 per cent to ₹1.25 trillion.

Simultaneously, the refund issued was higher for both domestic and export sources, all of which affected net receipts of August.

Refunds worth ₹24,460 crore were issued during the month, up 38 per cent Y-o-Y. In July, refunds were down 34 per cent.

“The GST collections seem to have stabilised around ₹1.75 trillion now. With the kick-off to festivities, the next few months are expected to witness further surge. Also, it is encouraging to see a significant surge in processing of GST refunds this month,” said Abhishek Jain, indirect tax head and partner at advisory firm KPMG.

Experts said the increase in collec-

tions in August could also be attributed to the increased focus on GST investigations and audits, which typically increase compliance and result in higher collections. “This would give renewed confidence that the collection targets for the year would be achieved,” said MS Mani, partner, Deloitte.

The GST Authority launched the second all-India drive on August 16 to detect suspicious or fake registrations and improve compliance. The drive will continue till October 15.

## Regional deviations

The increase in GST collection in August saw some state-wise differences that may warrant a deep dive, Mani pointed out.

The ability of large states like Maharashtra, Karnataka, Uttar Pradesh, Madhya Pradesh, and Haryana to record double-digit growth in collections indicated the robust con-

sumption in these states accompanied by the measures undertaken by tax authorities to improve compliance and crack down on evasion.

However the single-digit increase in large states like Gujarat, Andhra Pradesh, and Tamil Nadu would engage the attention of the tax authorities in these states, Mani said.

On the other hand, the positive growth in GST collections in Nagaland, Assam, Andaman & Nicobar, and Ladakh was emblematic of the holistic economic development across India.

The all-powerful GST Council is scheduled to meet on September 9. The Council is expected to take up rationalisation of tax rates and give a road map.

However, the decision on tweaking taxes and slabs will be taken later. The Council may also issue some direction on the levy of compensation cess on luxury and sin goods.