

Net GST revenue up 1.7% in July; refunds surge

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India’s net revenues from goods and services tax (GST) grew by a marginal 1.7 per cent in July to ₹1.68 trillion, thanks largely to a sharp spike in refunds even as gross collections from the indirect tax were up 7.5 per cent at almost ₹1.96 lakh crore.

July’s net GST kitty growth marks the slowest pace since last February from when disaggregated data on gross and net GST collections is available. In June, net GST revenues were up 3.3 per cent.

Net revenues from domestic transactions, in fact, contracted 0.2 per cent in July, even though gross domestic revenues were up 6.7 per cent, as refunds for domestic transactions more than doubled to nearly ₹17,000 crore from under ₹8,000 crore in July 2024.

GST refunds to exporters grew at a slower pace of 20 per cent and added up to a little over ₹10,000 crore, so net revenues from imports were up 7.5 per cent at ₹42,548 crore. Gross revenues from imports rose 9.7 per cent prior to refunds, to touch nearly ₹53,000 crore.

“Higher refunds on domestic supplies could be from excess tax payments, inverted duty structures, and other adjustments. The increased refunds should aid cash flows for businesses,” observed Abhishek Jain, indirect tax head and partner at KPMG.

Sequentially, July’s net GST collections, for transactions undertaken in June, were nearly 6 per cent higher than from ₹1.59 trillion reported in June. In May and April, the net GST receipts were registered at ₹1.73 trillion and ₹2.09 trillion respectively.

In the first four months of financial year 2025-26, net GST revenues are up 8.4 per cent at ₹7.11 trillion, with domestic revenues rising 6.1 per cent to ₹5.6 trillion and import revenues surging 18.1 per cent to almost Rs. 1.51 trillion. Gross GST revenues, before effecting refunds, are up 10.7 per cent to ₹8.18 trillion, while refunds have risen 29 per cent to about ₹1.07 trillion.

“The growth in net monthly collection is only 1.7 per cent as against YTD (year-to-date) growth of 8.4 per cent, though partly attributed to significant increase in refunds,” said Pratik Jain, partner with Price Waterhouse & Co LLP.

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Collection scene



July 2025 GST figures (₹ trn)			Chg (% Y-o-Y)
Domestic	1.43	<div></div>	6.7
Import	0.52	<div></div>	9.7
Gross Collection	1.95	<div></div>	7.5
Total refund	0.27	<div></div>	66.8
Net Collection	1.68	<div></div>	1.7

Source: Govt

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July PV dispatches flat amid high inventory

Domestic passenger vehicle (PV) dispatches grew 1 per cent year-on-year in July to 348,000 units, dragged down by elevated dealer inventory and subdued consumer demand

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■ Manufacturing sector growth hits 16-month high

■ UPI transactions up 6% in July at 19.47 billion

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“After a tepid growth in the previous month as well, the GST Council may like to discuss the possible measures to augment the revenues in the next meeting. With the GST Compensation Cess going away, the states may also be a bit more concerned about the slowdown in GST collections,” Jain remarked.

MS Mani, partner at Deloitte India noted that though there has been a focus on domestic manufacturing and import substitution, the GST revenue numbers indicate that the gross GST domestic revenue risen only 9 per cent so far this year, while import revenues have risen 16 per cent. The spike in refunds augurs well for businesses as it signals quicker processing by the tax authorities, he said.

He also pointed to the weak growth in revenues amongst large producing and consuming states — from 2 per cent for Delhi, 3 per cent for Gujarat, 4 per cent for Rajasthan, 6 per cent for Maharashtra, 7 per cent for Karnataka and Uttar Pradesh, and 8 per cent for Tamil Nadu.

State-wise data shows smaller states and Union Territories like Tripura (41 per cent), Andaman and Nicobar Islands (31 per cent), and Meghalaya (26 per cent) posted over 25 per cent growth in July. UP (7 per cent) reported single digit growth. Mizoram, Manipur and Lakshdweep clocked contractions of 21 per cent, 36 per cent and 52 per cent, respectively, as did J&K (-5 per cent), and Chhattisgarh (-4 per cent)