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Economy

Eight Years of GST

Record Gross GST collection in 2024–25; Survey finds 85% industry approval

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Key Takeaways

- Gross GST collections hit **₹22.08 lakh crore** in 2024–25, up 9.4% from last year.
- **85%** respondents in Deloitte survey had a positive GST experience.
- Number of active GST Taxpayers rose to over **1.51 crore**.

Introduction

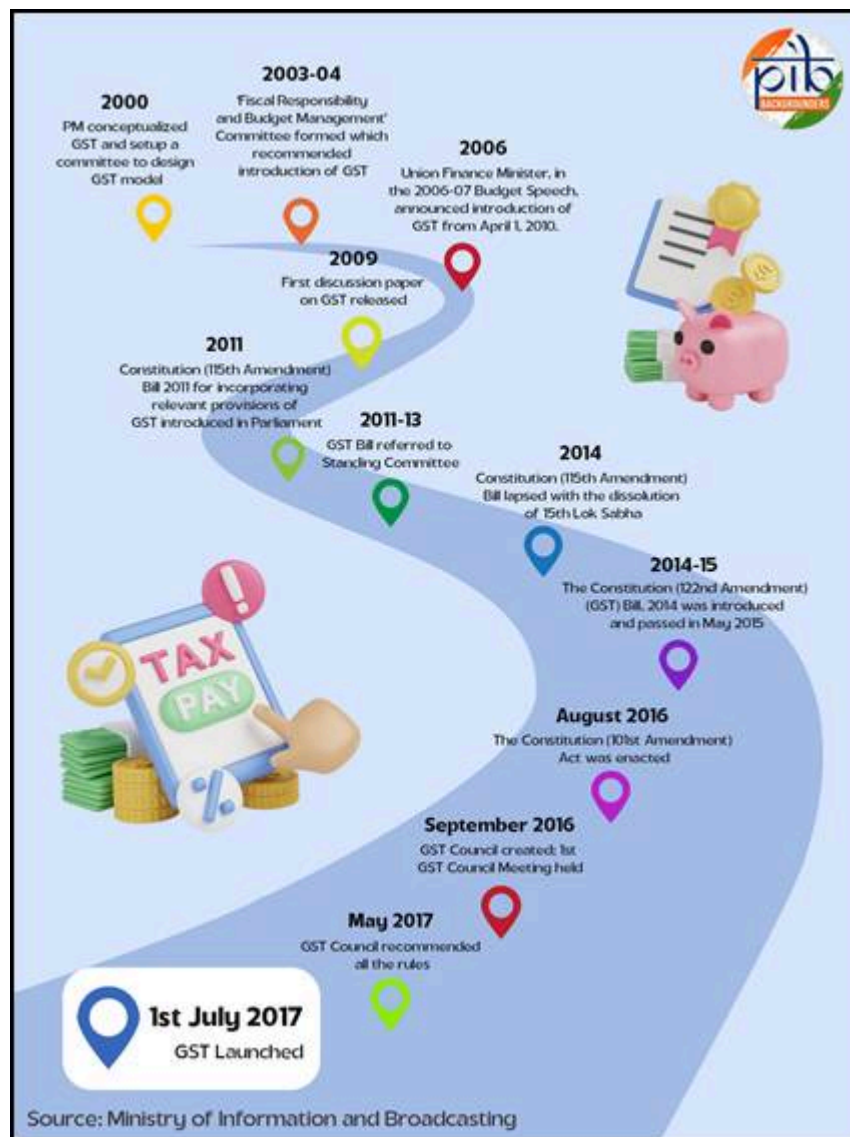


On 1 July 2025, the Goods and Services Tax (GST) will complete eight years since its rollout. Introduced in 2017 as a major step towards economic integration, GST replaced a maze of indirect taxes with a single, unified system. It made tax compliance easier, reduced costs for businesses, and allowed goods to move freely across states. By improving transparency and efficiency, GST helped lay the foundation for a stronger, more integrated economy.

Prime Minister Narendra Modi had called it “a path-breaking legislation for New India.” Eight years on, the numbers speak for themselves. In 2024–25, gross GST collections hit a record ₹22.08 lakh crore, marking a year-on-year growth of 9.4 per cent. This rise reflects the growing formalisation of the economy and improved tax compliance.

A recent report by Deloitte titled *GST@8* described the past year as a blockbuster for GST. It credited the government’s timely reforms, clear guidance to taxpayers, and steady upgrades on the GST portal as key reasons behind this success. These measures not only improved ease of doing business but also strengthened the tax base.

Journey of GST



Structure and Key Features of the GST System

GST rates in India are determined by the GST Council, which includes representatives from the Union and State or Union Territory governments. The current GST structure consists of four main rate slabs: **5 percent, 12 percent, 18 percent and 28 percent**. These rates apply to most goods and services across the country.

In addition to the main slabs, there are three special rates: 3 percent on gold, silver, diamond and jewellery, 1.5 percent on cut and polished diamonds and 0.25 percent on rough diamonds. A GST Compensation Cess is also levied on select goods such as tobacco products, aerated drinks and motor vehicles at varying rates. This cess is used to compensate states for any revenue loss resulting from the transition to the GST system.

Key features of GST are:

One Nation, One Tax: GST brought together a wide range of indirect taxes under one umbrella. It replaced levies like excise duty, service tax, VAT and others. This helped remove the cascading effect of taxes and brought consistency in the tax system across the country.

Dual Structure: The GST system is designed with a dual model. It includes Central GST (CGST) and State GST (SGST) for transactions within a state. For trade between states, Integrated GST (IGST) applies.

Destination-Based Tax: GST is charged at the point of consumption rather than origin. This ensures a smooth flow of tax credit across the supply chain and lowers the overall tax burden on the final consumer.

Input Tax Credit (ITC): Businesses can claim credit for taxes paid on inputs. This prevents tax on tax and reduces costs across the production and distribution chain.

Threshold Exemption: Small businesses with turnover below a certain limit are exempt from GST. This makes compliance easier and protects micro enterprises from excessive paperwork.

Composition Scheme: This scheme is meant for small taxpayers with a turnover below a set limit. It allows them to pay GST at a fixed rate on their turnover. The scheme involves less documentation and simpler returns.

Online Compliance: All GST processes including registration, return filing and payments are done through the GSTN portal. This digital approach improves efficiency and ease of doing business.

Sector-Specific Exemptions: Sectors such as healthcare and education are either exempt or taxed at lower rates. This keeps essential services within reach for all.

Account Settlement: GST ensures smooth sharing of revenues between the Centre and States. Credit transfers are done seamlessly to maintain fiscal balance and cooperation.

Benefits of GST

Eight years on, GST continues to make everyday business easier and fairer. From helping small firms breathe easier to making groceries cheaper for families, the reform has left its mark. It has also unclogged highways and made supply chains faster. Here's a look at how GST is helping MSMEs, benefiting consumers and reshaping logistics across the country.

Support for MSMEs

GST has brought major relief to micro, small and medium enterprises. Earlier, thresholds under VAT and other state taxes were very low, making compliance difficult for small businesses. GST changed this by setting a higher exemption limit. Initially fixed at ₹20 lakh, the threshold for goods was later raised to ₹40 lakh, giving breathing space to many small traders and manufacturers.

To ease the burden further, GST introduced a composition scheme. This allows small businesses to pay tax at a fixed rate on their turnover, with minimal paperwork. The scheme covers goods up to ₹1.5 crore and services up to ₹50 lakh in annual turnover.

GST has also opened doors for easier access to credit. Trade Receivables Discounting System (TReDS) is a platform for financing/discounting of trade receivables of Micro, Small and Medium Enterprises. On these platforms, the financing of Factoring Units (FUs) helps in improving the access to finance by MSMEs. As informed by SIDBI, as on May, 2024, four digital platforms have been authorized to carry TReDS operations in the country. There are more than 5,000 buyers and over 53 Banks/13 NBFC registered as financiers.

Other notable initiatives for MSMEs include:

A composition scheme has been introduced for service providers with turnover up to ₹50 lakh. They can pay tax at a flat rate of 6 per cent and file annual returns with quarterly tax payments.

Small taxpayers with turnover up to ₹5 crore can now file returns every quarter instead of monthly. This has made compliance easier and helped them focus more on their businesses.

Taxpayers can now file NIL returns for GSTR-3B through SMS. This service is also available for GSTR-1 and CMP-08, making return filing faster and simpler.

Benefits to Consumers

GST is a consumer-friendly reform. It places the end-user at the centre of the tax system. With the removal of multiple taxes and improved compliance, the average tax rates have come down. The number of registered taxpayers has grown from 60 lakh to around 1.51 crore. This has expanded the tax base and allowed the government to lower rates on many essential items.

Goods like cereals, edible oils, sugar, snacks and sweets now carry lower tax rates. A study by the Finance Ministry noted that GST helped households save at least four per cent on monthly expenses in total. Consumers now spend less on daily necessities.

Boost to the Logistics Sector

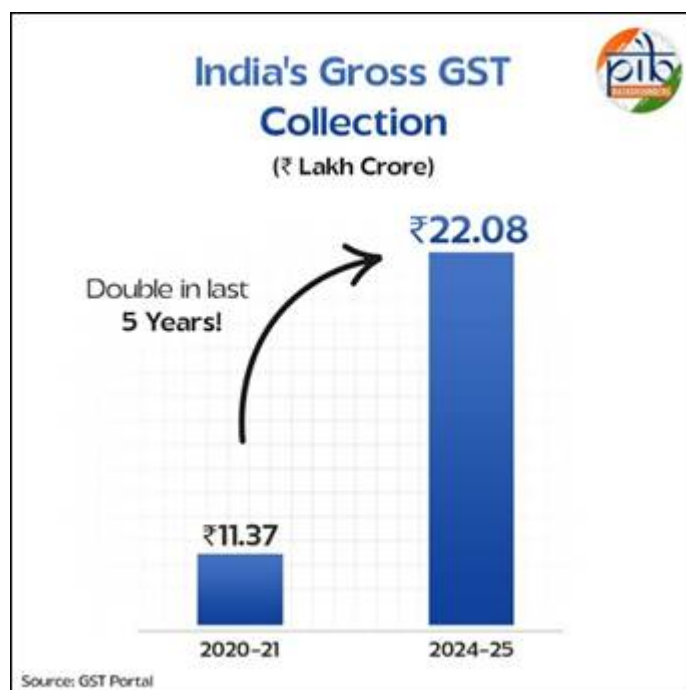
GST has transformed the logistics industry. Long queues of trucks at state borders and corruption-prone checkpoints have become a thing of the past. Goods now move faster and more freely across state lines.

Transport time has improved by over 33 per cent, according to several studies. Companies have cut down on fuel costs, and major highways are less congested. Earlier, firms had to maintain separate warehouses in every state due to varied tax laws. With GST, this is no longer needed. It has allowed businesses to build smarter and more centralised supply chains.

Achievements Under GST

Since its rollout, the Goods and Services Tax has shown strong growth in revenue collection and tax base expansion. It has steadily strengthened India's fiscal position and made indirect taxation more efficient and transparent.

In 2024–25, GST recorded its highest-ever gross collection of ₹22.08 lakh crore, reflecting a year-on-year growth of 9.4 percent. The average monthly collection stood at ₹1.84 lakh crore.



In 2020–21, the total collection was ₹11.37 lakh crore, with a monthly average of ₹95,000 crore. The following year, it rose to ₹14.83 lakh crore, and then to ₹18.08 lakh crore in 2022–23. In 2023–24, GST collections reached ₹20.18 lakh crore, showing consistent growth in compliance and economic activity.



The number of active taxpayers has also seen a sharp rise. As of 30 April 2025, there are over 1.51 crore active GST registrations.

The GST Council

The GST Council is the key decision-making body responsible for shaping and guiding the implementation of the Goods and Services Tax in India. It was constituted as per Article 279A of the Constitution following the passage of the 122nd Constitutional Amendment Bill by Parliament and its ratification by more than 15 states. The Amendment received Presidential assent on 8 September 2016, and the Council was formally set up shortly thereafter.

The GST Council consists of the following members:

The Union Finance Minister (Chairperson)

The Union Minister of State in charge of Revenue or Finance

The Minister in charge of Finance or Taxation, or any other Minister nominated by each State Government

Any person nominated by the Governor of the State where there is a proclamation of emergency under Article 356 of the Constitution

Since its formation, the Council has held 55 meetings and played a vital role in the evolution of the GST regime. It has taken several major decisions to simplify the system, ease compliance, and support economic growth.

Some of the notable decisions include:

Introduction of e-Way Bills to monitor goods movement and reduce tax evasion. These were later integrated with e-Invoicing and return filing systems.

Rate relief for the real estate sector, including a reduction in GST on under-construction affordable housing from 8 per cent to 1 per cent.

Approval of e-Invoicing for B2B transactions, now mandatory for firms with an annual turnover of ₹5 crore or more.

Promotion of green mobility through a rate cut on electric vehicles from 12 per cent to 5 per cent and GST exemption on larger electric buses.

Launch of the QRMP scheme to ease compliance for small businesses by allowing quarterly return filing with monthly payments.

COVID-19 relief measures, including rationalisation of GST on medical supplies and essential goods.

Simplified GST returns, auto-populated data, and the introduction of dynamic QR codes for easier digital payments.

Significant rate rationalisation, reducing the number of items under the highest tax slab from 227 to just 35.

Trade facilitation measures, including formula changes for refunds and additional modes for tax payment.

Creation of GST Appellate Tribunals to ensure quicker resolution of disputes, with the Principal Bench in New Delhi and State Benches as required.

Amnesty scheme for appeals, giving taxpayers a chance to file delayed appeals against demand orders.

Pilot launch of B2C e-Invoicing and phased rollout of Aadhaar-based biometric authentication for applicants.

Clarification on GST for vouchers, stating they are neither goods nor services, and simplifying related provisions.

Full GST exemption on gene therapy and recommendation for a legal framework for the new Invoice Management System.

Industry Insights from Deloitte's GST@8 Survey

The *GST@8* report by Deloitte provides valuable insights into how Indian businesses perceive the Goods and Services Tax after eight years of its implementation. The findings are based on an extensive online survey conducted with top-ranking leaders across industries, including Chief Executive Officers (CEOs), Chief Financial Officers (CFOs), Chief Operating Officers (COOs), Chief Information Officers (CIOs), and other C-suite and C-1 level executives.

The survey included 34 targeted questions on various aspects of GST implementation and reform. It received 963 responses from eight key industries, using a mix of multiple select, single select, ranking, and open-ended questions. The feedback captured both quantitative metrics and qualitative insights, offering a comprehensive view of how the GST regime has evolved.

Key Highlights:

85% of respondents reported a positive experience with GST. This marks the fourth year in a row where sentiment has improved. Businesses continue to express growing confidence in the tax system and its long-term stability.

Respondents attributed their positive outlook to several key improvements:

- Simplified and more transparent tax processes
- Seamless Input Tax Credit flow, which helped reduce the overall tax burden
- Elimination of legacy taxes and state-level check posts
- Widespread use of digital platforms and technology-driven compliance
- Uniform procedures across states and faster refunds

GST was widely recognised for improving ease of doing business, streamlining tax administration, and supporting economic growth. Among micro, small and medium enterprises, positive sentiment increased from 78 percent last year to 82 percent this year, reflecting broader acceptance among smaller firms.

Industry-wise Perception:

Sector/Industry	Positive Perception (%)
Consumer	89%
Global Capability Centres (GCC)	90%
Technology, Media and Telecommunication (TMT)	84%
Energy, Resources and Industrials	84%
Banking and Financial Services	85%
Government and Public Services	89%
Lifesciences and Healthcare	82%

Conclusion

Eight years after its launch, the Goods and Services Tax has firmly established itself as one of India's most important economic reforms. It replaced a complex web of indirect taxes with a unified system that is simpler, fairer and more efficient. GST has helped create a common national market, reduced the cost of doing business and brought greater transparency to the tax system.

The consistent rise in revenue collections and a growing base of over 1.5 crore active taxpayers reflect its success. Businesses, especially small and medium enterprises, now face fewer compliance hurdles. The Deloitte GST@8 survey confirms this positive shift. It found that 85 percent of respondents across industries had a favourable experience with GST, citing simplified processes, improved credit flow and stronger digital infrastructure. As GST enters its ninth year, it continues to evolve with a focus on ease of doing business, better compliance and wider economic participation.

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Source: Ministry of Industries and Entrepreneurship

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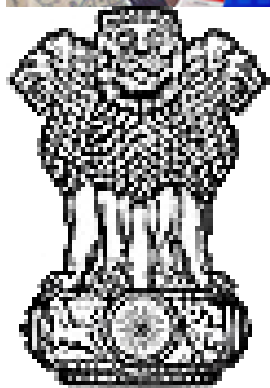


The timeline illustrates the evolution of GST from its conceptualization in 2006 to its implementation in 2017. Key milestones include the formation of the GST Council in 2016, the introduction of the GST Act in 2017, and the subsequent growth in collections and taxpayer base over the years.



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