

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO 1047
ANSWERED ON – 09.12.2025

IMPACT OF GST REFORMS ON THE ECONOMY

1047 SHRI P. P. SUNEER:

Will the Minister of Finance be pleased to state:

- (a) the extent and quantum of the recently undertaken GST reforms;
- (b) whether the Ministry has undertaken any study of the reforms' effects on the economy, the exchequer and the common people;
- (c) the category-wise annual data of GST collection for the last five years; and
- (d) the head-wise difference in the total amount of GST collected under old and new GST rates in the last five years?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) The GST reforms recommended by the 56th GST Council in its meeting held on 03.09.2025 aimed for a strategic, principled, and citizen-centric evolution of the tax framework.

The quantum of the reform is demonstrated by the rationalisation of the current 4-tiered tax rate structure into a citizen friendly 'Simple Tax' - a 2 rate structure with a Standard Rate of 18% and a Merit Rate of 5%; a special de-merit rate of 40% is prescribed for a select few goods and services.

Significant rate rationalisation focuses on the common man, labour-intensive industries, farmers and agriculture, health and key Drivers of the economy, including the exemption of GST on all individual life and health insurance policies , reduction on many common man items (e.g., hair oil, soap bars, bicycles) from 18% or 12% to 5% , reduction of GST from 12% to NIL on 33 lifesaving drugs and medicines and from 5% to NIL on 3 lifesaving drugs & medicines used for treatment of cancer, rare diseases and other severe chronic diseases , and reduction on various agricultural goods and machinery to 5%.

Furthermore, major procedural reforms include the operationalisation of the Goods and Services Tax Appellate Tribunal (GSTAT) , a risk-based provisional sanction of 90% refund, and the introduction of a new optional simplified GST registration scheme for small businesses.

(b) Subsequent to rationalization of GST rates in 56th GST Council meeting held on 03.09.2025, Central Board of Indirect Taxes and Customs (CBIC) is monitoring the price of important commodities including packaged food items and medicines, pre and post 22nd September, 2025, to see that the benefits are duly passed on to end consumers. From the inputs received in this regard, it is observed that these benefits have duly been passed on to the end-consumers post GST rate reductions

(c) and (d) The category-wise annual data of GST collection for the last five years is as under:

F.Y.	CGST	SGST	IGST
2020-21	209,916	272,828	565,719
2021-22	269,137	344,216	762,270
2022-23	323,923	410,251	945,220
2023-24	375,710	471,195	1,026,790
2024-25	413,776	516,448	1,125,334
2025-26(Till November)	293,207	362,948	819,333

(Amount: in Rs. Crores)

The new GST rates became effective only from 22.09.2025. The GST collected in the months of September 2025, October 2025, November 2025 is as under:

F.Y.	CGST	SGST	IGST
September 2025	33,646	41,836	101,883
October 2025	36,547	45,134	106,443
November 2025	34,843	42,522	92,910

(Amount: in Rs. Crores)

The GST collected in the corresponding months in FY 2024-25 is as under:

F.Y.	CGST	SGST	IGST
September 2024	31,422	39,283	90,594
October 2024	33,821	41,864	99,111
November 2024	34,141	43,047	91,828

(Amount: in Rs. Crores)

Key for data tables presented above

F.Y.: Financial Year

CGST: Central Goods and Services Tax

SGST: State Goods and Services Tax

IGST: Integrated Goods and Services Tax
