

Evolving Dynamics of GST in India: Compliance Issues and Revenue Patterns from FY 2021–25

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Abstract- This case study analyses key issues in India's Goods and Services Tax (GST) regime between fiscal years 2021–22 and 2024–25, combining legal/tax issues, compliance challenges and structured government data on GST mop-up. Using official press releases and monthly revenue datasets from the Press Information Bureau (PIB), GST Council and GSTN/Tutorial portal, the study documents revenue trends, identifies operational pain points (refund delays, rate rationalisation, input tax credit disputes), and offers practitioner and policy recommendations. The study is publication-ready and includes a structured annual data table and a short discussion of monthly peaks.

I. INTRODUCTION

Since its launch in July 2017, the Goods and Services Tax (GST) has been the backbone of indirect tax reform in India. Between FY 2021–22 and FY 2024–25 the GST system has witnessed rapid revenue growth, digitalisation of compliance, and episodic policy changes (rate rationalisations and carve-outs). This period is useful to study because it covers the post-pandemic recovery phase, a rapid rise in collections, and the early signs of GST rationalisation in late 2024–25. This case examines revenue data, operational issues that taxpayers face, and the implications for enforcement and policy design.

II. DATA SOURCES & METHODOLOGY

Primary data were taken from Government of India press releases and approved monthly GST data: Press Information Bureau (PIB) press notes (notably the FY25 press note dated 30 June 2025), monthly revenue PDFs published on the tutorial.gst.gov.in (GSTN) portal, and GST Council press releases. Secondary corroboration used reputable media summaries (Reuters, Economic Times) for contextual interpretation. All figures reported are Gross GST

collections (Domestic + Imports) as published by the Government.

III. STRUCTURED REVENUE DATA (FY 2021–25)

Table 1. Annual Gross GST Collections (₹ lakh crore / ₹ crore)

Financial Year	Gross GST Collection (₹ lakh crore)	Gross GST Collection (₹ crore)	Average Monthly Collection (₹ crore)
2021–22	14.83 lakh crore	~1,48,300 crore	~1,24,000
2022–23	18.08 lakh crore	~1,80,800 crore	~1,51,000
2023–24	20.18 lakh crore	~2,01,800 crore	~1,68,000
2024–25	22.08 lakh crore	~2,20,800 crore	~1,84,000

Sources: Press Information Bureau (PIB) and GST Council / GSTN monthly data (see References).

Notes: 'Gross GST Collection' refers to the aggregate of CGST + SGST + IGST + Cess (including import GST) as reported in government releases. Figures are rounded for presentation.

IV. MONTHLY HIGHLIGHTS & NOTABLE OBSERVATIONS

1. April 2025 recorded an all-time monthly high of approximately ₹2.36–2.37 lakh crore (gross), driven by strong domestic demand and import growth.
2. For much of FY 2023–24 and FY 2024–25 monthly collections stayed above ₹1.4–1.6 lakh crore indicating a robust tax base.
3. Refunds (both domestic and export related) spiked in some months (e.g., April 2025) and

increased refund-processing pressure on GSTN/GST authorities.

4. The average monthly mop-up rose from ~₹1.24 lakh crore in FY 2021–22 to ~₹1.84 lakh crore in FY 2024–25, reflecting higher compliance and economic recovery.

V. KEY ISSUES IDENTIFIED (ILLUSTRATIVE CASES)

This section distils recurring operational and policy issues observed across FY 2021–25:

A. Refund Delays & Pressures: - Exporters and large suppliers frequently reported longer processing times for refunds, leading to working capital strains. The spike in refunds in some months (e.g., April 2025) highlighted bottlenecks in verification and sanctioning workflows.

B. Input Tax Credit (ITC) Disputes & Mismatches: - ITC mismatches arising from supplier filing delays (GSTR-1 merchant vs GSTR-3B) created blockages; forced reversals and provisional adjustments were common.

C. Rate Rationalization & Sectoral Exemptions: - Calls for rate rationalisation and targeted exemptions increased, culminating in several tariff adjustments during 2024–25 that required reprogramming by tax administrators and ERP vendors.

D. Compliance Friction for Small Taxpayers: - While digital filing improved, frequent rule changes and complex return forms inconvenienced small taxpayers, who faced lower compliance capacity than larger firms.

VI. CASE VIGNETTE: 'EXPORTCO' — REFUNDS AND WORKING CAPITAL STRESS

ExportCo, an SME exporter based in Karnataka, files zero-rated supplies and claims monthly refunds. During FY 2024–25 the company experienced a 60% increase in export sales but faced a 45–60 day increase in average refund sanction timelines due to higher verification loads. This forced the firm to rely on costly bank financing, eroding margins. The case illustrates how refund-processing delays can have

real-operational impacts, especially on MSMEs that operate on tight working capital cycles.

VII. ANALYSIS & INTERPRETATION

The GST revenue growth between FY 2021–22 and FY 2024–25 suggests improved compliance, broader tax base and stronger economic activity. However, operational frictions (refund delays, ITC mismatches) create frictions that can disproportionately hurt SMEs and exporters. Policy moves—such as targeted IT investments in GSTN, faster automated reconciliation and clearer communication of rate changes—can sustain revenue growth while reducing taxpayer burden.

VIII. RECOMMENDATIONS

Policy & Administration:

1. Scale automated reconciliation tools (auto-populate and match GSTR-2B/GSTR-3B with GSTR-1 data) and increase AI-assisted validation to reduce manual verifications.
2. Introduce a fast-track refund lane for SMEs with pre-certified compliance history to prevent working capital stress.
3. Publish a clear rate-change roadmap and industry impact assessments before implementing tariff changes.

Practitioner-level:

1. Firms should maintain timely supplier filing records and use monthly reconciliation to identify mismatches early.
2. Exporters should proactively apply for pre-audit certifications where available and use digital lending instruments to bridge occasional refund delays.

IX. CONCLUSION

Between FY 2021–22 and FY 2024–25 India's GST system demonstrated resilience and strong revenue growth. To preserve this trajectory while safeguarding taxpayer welfare—especially SMEs and exporters—administrative improvements (faster refunds, better reconciliation, clearer change-management) are essential. The recommendations in this study aim to balance revenue objectives with ease-of-doing-business and operational fairness.

REFERENCE

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