

Insights Unwrapped

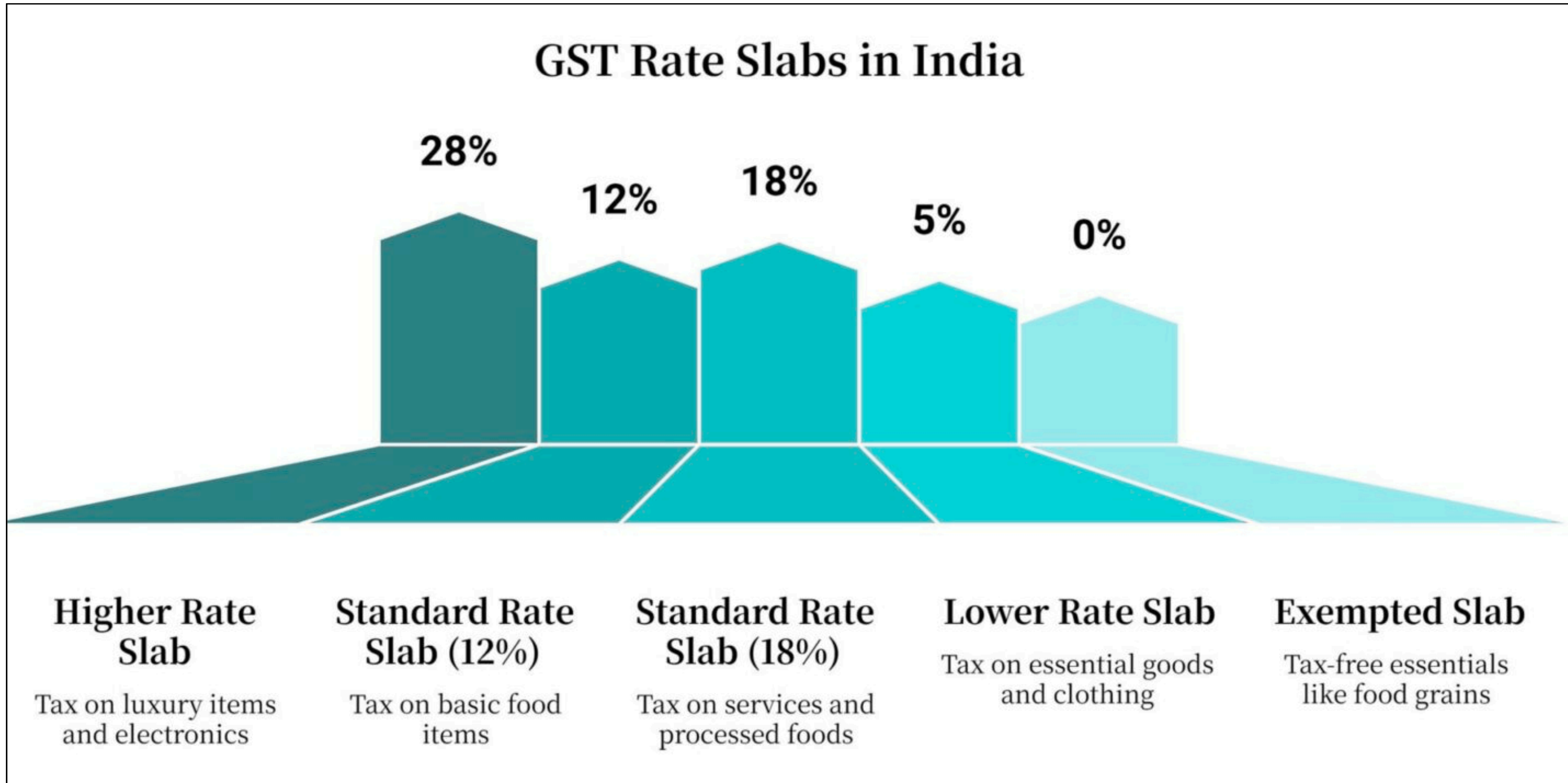
GST Reforms- Igniting India's Consumption Surge



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Upcoming GST Reforms in India



The Centre is proposing to scrap the existing 12% and 28% slabs, keeping only 5% and 18% GST rates.

Image source: Lendingkart

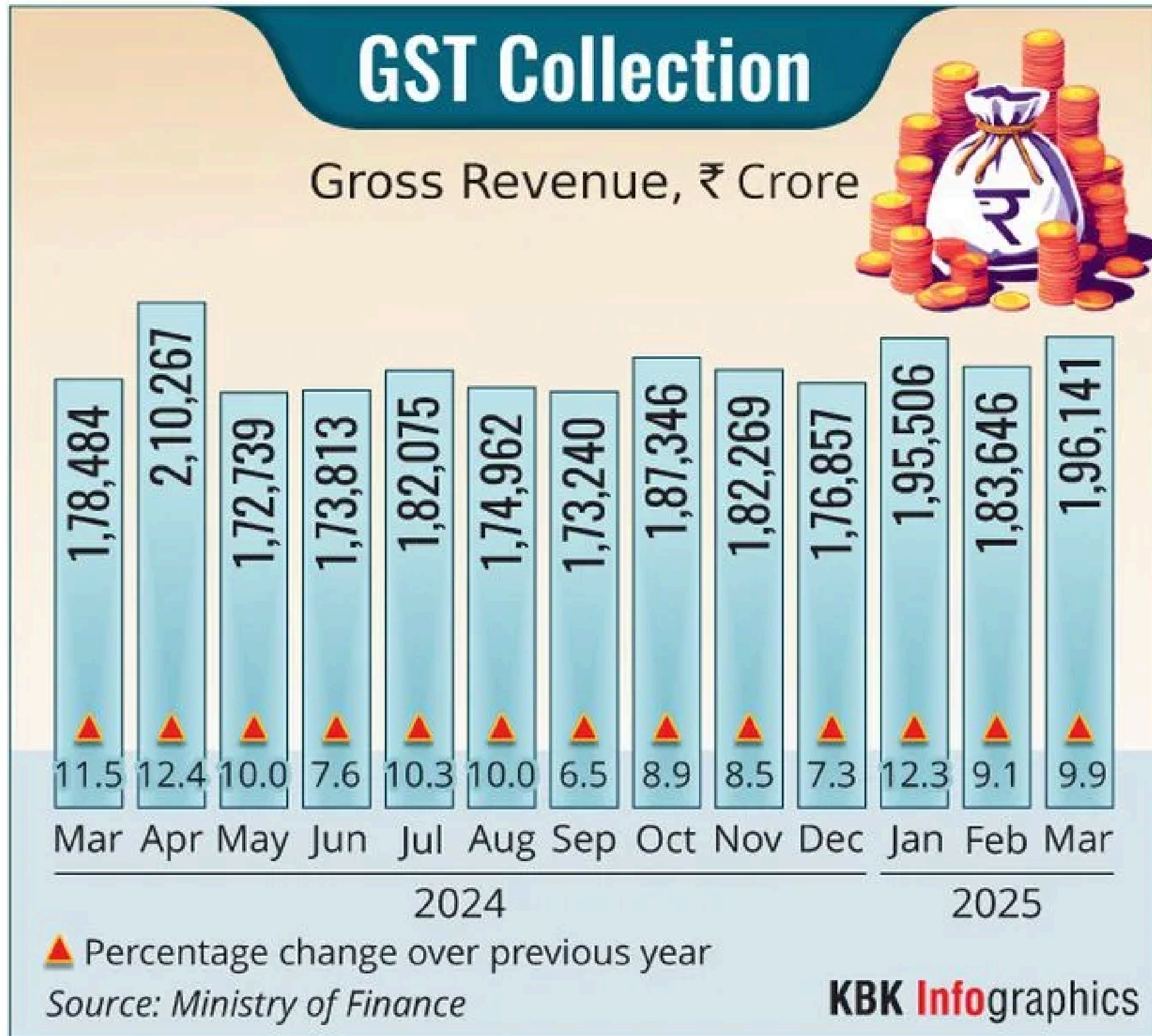
GST Slab-wise Government Revenue Breakdown

GST Slabs	Share of Revenue (%) in 2023-24
5%	6-8%
18%	70-75%
12%	5-6%
28%	13-15%

Source: [Economic Times](#) (data from MoS in Lok Sabha)

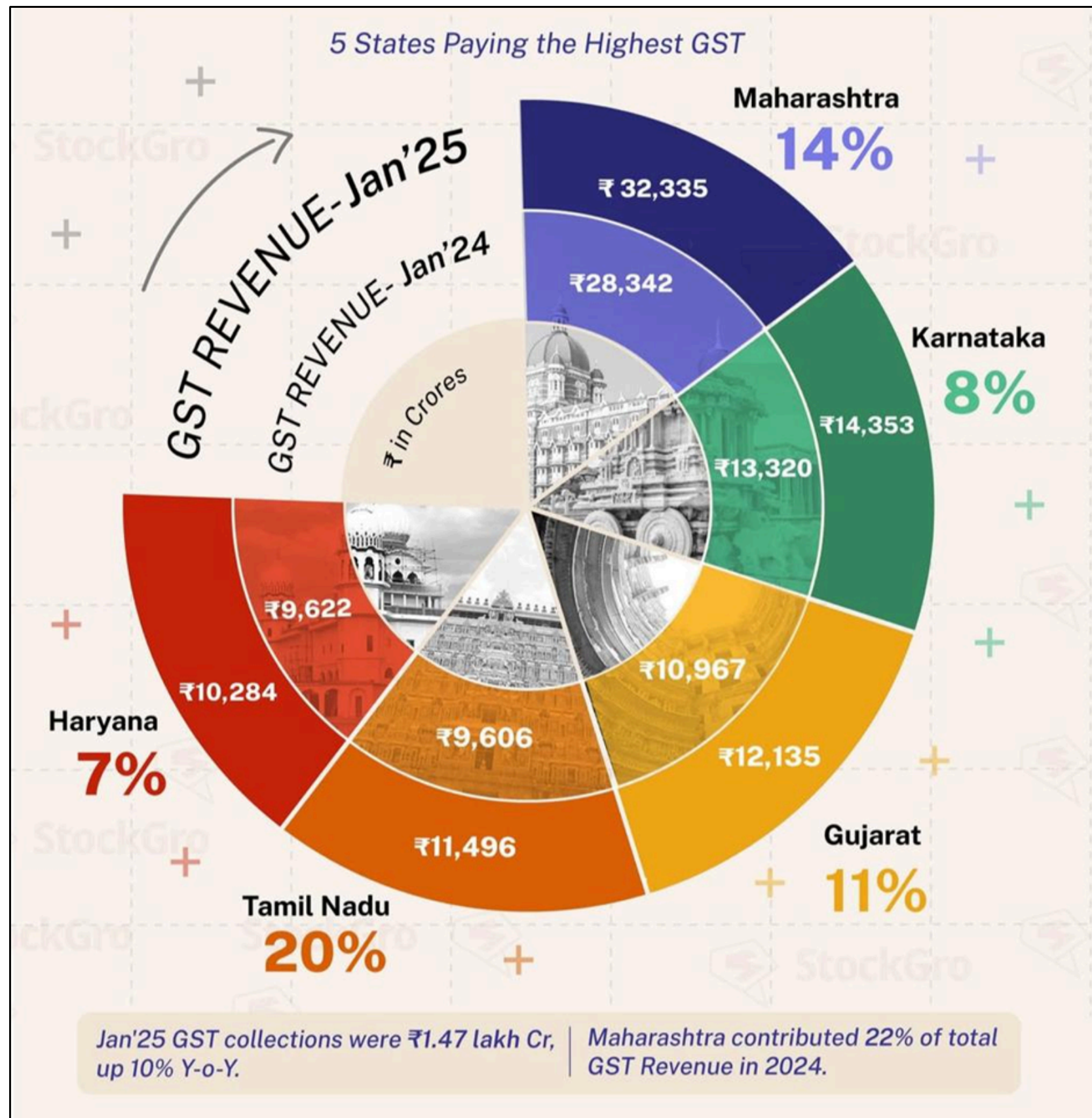
- The majority of GST revenue, approx. 70-75%, is derived from items taxed at the 18% GST slab, contributing roughly INR 15-16 lakh crore to the total revenue.
- GST revenue constitutes about 6.8% of India's GDP in 2024. Proposed rate rationalisation may result in a revenue loss of approx. 0.4% of GDP, which is expected to be offset by increased demand and a proposed 40% GST levy on luxury or sin goods.

GST Revenue Collection



The average monthly GST collection has increased from INR 1.51 lakh crore in FY22 to INR 1.84 lakh crore in FY25. As a percentage of GDP, GST revenue has remained stable, ranging between 6.3% and 6.7%

Statewise GST Collections

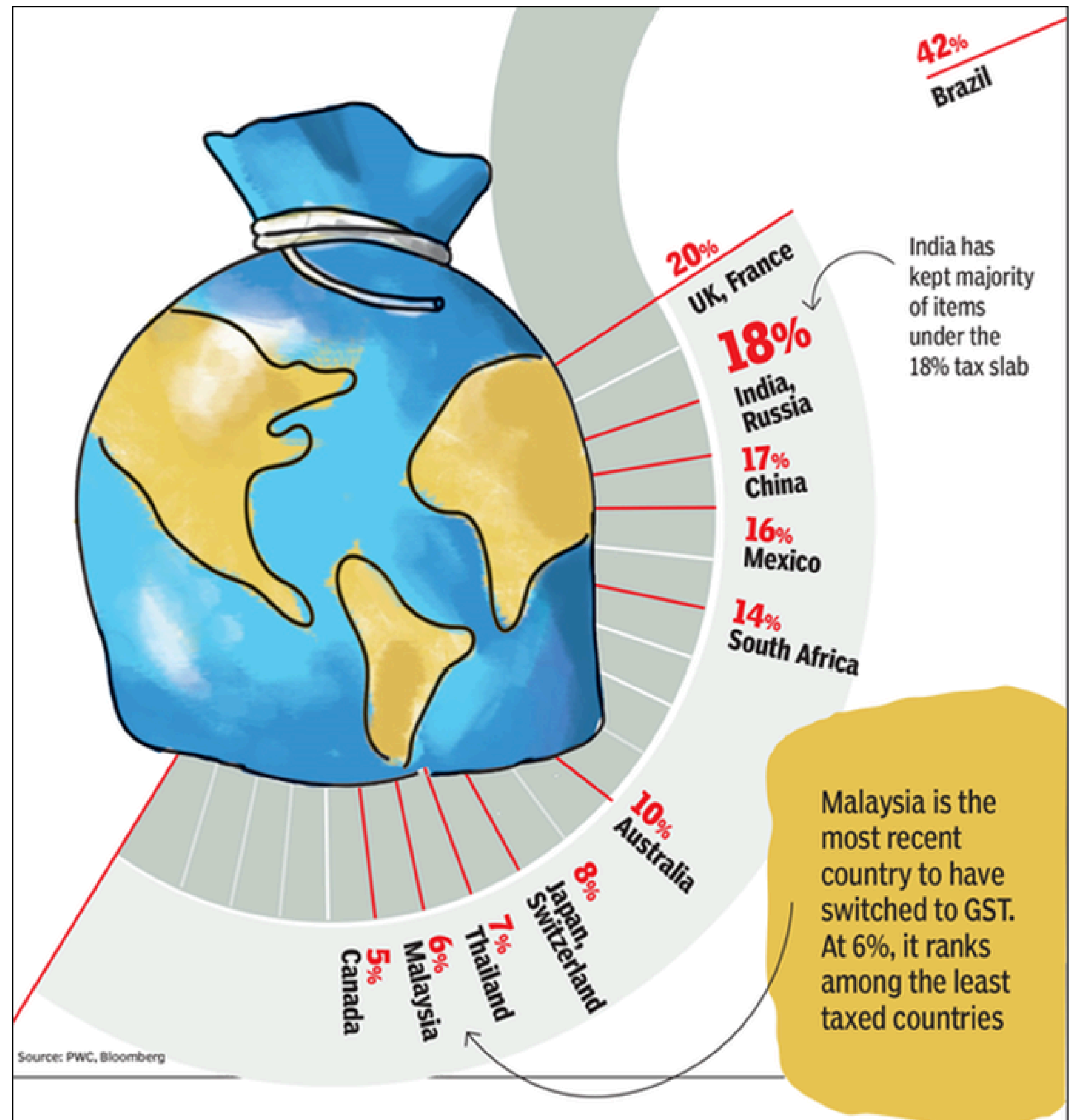


Maharashtra leads the rankings of total GST collection, followed by Karnataka, Gujarat and Tamil Nadu.

In a notable mention, as of April 2025, Lakshadweep recorded an exceptional 287 per cent rise in GST collections.

GST Worldwide

The US does not have a federal GST or VAT. Instead, it uses a Sales Tax system that varies by state, ranging from 0% (e.g., Delaware, Montana) to 7.25% (e.g., California's base rate, though local additions can push it higher).



Source: Times of India (Image is 2017, but rates are broadly the same except in China, where VAT is now at ~13%)

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