

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
STARRED QUESTION No. 342

ANSWERED ON 24.03.2026

PENDING GST REFUNDS TO MSMES

***342#. SHRIMATI MAYA NAROLIYA:**

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is aware of the pendency of Goods and Services Tax (GST) refund claims relating to Micro, Small and Medium Enterprises (MSMEs), particularly in export hubs such as Bhopal and Indore;
- (b) if so, the details of total amount of such claims and the average time taken for their disposal;
- (c) whether Government has taken any steps to streamline and expedite automatic processing of GST refunds through the GST portal, if so, the details thereof; and
- (d) the expected timeline prescribed for settlement of all valid GST refund claims pertaining to MSMEs?

ANSWER

**MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)**

- (a) to (d) A Statement is laid on the table of the House.

Statement as referred to in reply to para (a) to (d) of Rajya Sabha Starred Question no 342 for answer on 24th March 2026 regarding “Pending GST Refunds to MSMEs”

(a), (b) and (d): -

The time limit of 60 days from the date of receipt of application for the refund claim, for the disposal of refund claim has been prescribed under the CGST Act, 2017, subsequent to which interest is payable on the refund amount. The details of the pendency of refund claims under GST, filed by the taxpayers located in Bhopal and Indore, are as under:

	Central GST Jurisdiction		Madhya Pradesh State GST Jurisdiction	
	Number	Amount (Rs. in crore)	Number	Amount (Rs. in crore)
Refund claims pending (as on 28 th February 2026)	161	31.52	242	87.08

(c): -

To streamline and expedite processing of GST Refunds, the Government, on the recommendation of GST Council, has taken following steps:

- (i) Refunds on account of export of goods made on payment of IGST, are processed in a fully automated electronic mode through Customs system without manual intervention through integration of the GST portal with the ICEGATE system of CBIC.
- (ii) The sanction of provisional refund of 90% of refund claim on the basis of data analysis and risk evaluation by the system is being given for the refunds claims on account of zero-rated supply under the provisions of the CGST Act, 2017 and rules made thereunder, within 7 days of the acknowledgement of refund application.

- (iii) The amendment has been introduced in the CGST Act, 2017 vide Finance Bill, 2026 to provide for provisional refund of 90% of the claimed amount in case of refunds arising out of inverted duty structure, on similar lines as is provided for zero rated supply refund claims. Further, pending requisite amendments in Centre and State GST Act, 2017, instructions have been issued by the Central Board of Indirect Taxes and Customs (CBIC) to its field formations for grant of provisional refund w.e.f. 1st October, 2025, equivalent to 90% of amount claimed as refund, arising out of Inverted Duty Structure on the basis of identification and evaluation of risk by the system. This step will ensure that the working capital of businesses involved in supply of goods having inversion in rate of inputs vis-à-vis output supplies, is not blocked.
- (iv) The amendment has been introduced in the CGST Act, 2017 vide Finance Bill, 2026 to section 54(14) of the CGST Act, 2017 so as to remove the threshold limit for refunds arising out of exports made with payment of tax. This will particularly help small exporters making exports through courier, postal mode etc.
