

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO -391
ANSWERED ON – 03.02.2026

FISCAL POLICY AND ECONOMIC REFORMS

391 # SHRI PRADIP KUMAR VARMA:

Will the Minister of Finance be pleased to state:

- (a) the progress made in tax collection under GST, its compliance and ease of doing business, sustainable revenue growth and federal fiscal balance under 'One Nation, One Tax' regime;
- (b) the impact of financial inclusion and banking reforms on economic growth through UPI, JAM and digital payments;
- (c) the improvements achieved in macroeconomic stability and inflation targeting through Fiscal Deficit, Debt-to-GDP control and the medium-term framework; and
- (d) the extent to which financial stability and inclusive development have strengthened through bank integration, resolution of Non-Performing Assets (NPAs) and credit growth reforms?

ANSWER

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

(a) The details of Growth of GST collection since implementation is as per table below which shows that there has been a robust growth in GST collections since inception barring COVID period:

GST Collection (CGST+IGST+SGST)

Financial Year	Amount (in Rs. Crore)	% Growth
2017-18*	6,78,036	
2018-19	10,79,999	\$
2019-20	11,23,371	4%
2020-21	10,48,463	-7%
2021-22	13,75,624	31%
2022-23	16,79,395	22%
2023-24	18,73,695	12%
2024-25	20,55,558	10%
2024-25 (Till December)	15,19,797	
2025-26 (Till December)	16,50,038	9%

**9 months only as GST implemented w.e.f. 1st July, 2017.*

\$ Y-o-Y Growth not comparable.

Negative growth in FY 2020-21 is due to COVID-19 pandemic.

GST, true to its motto of 'One Nation, One Tax' has contributed to strengthening of the country's fiscal health. It has catalysed the formalization of the economy as reflected in the increase in taxpayer base and taxable revenue base. It has delivered several benefits to the businesses such as the removal of cascading taxes, streamlined credit flows, reduced logistical time and cost, the creation of a unified national market etc. and Federal Fiscal relation in India is deeply embedded in the institution of GST Council. Some of the major policy measures undertaken/being taken by the Government and its impact on compliance & ease of doing business is as follows:

i. The refund process is electronic since 26.09.2019. Based on the recommendations of GST Council in its 56th meeting, risk-based provisional refund has been introduced for zero-rated supplies with 90% provisional refund in low-risk cases w.e.f. 01.10.2025.

ii. Similarly to address the grievances of the taxpayers for blockage of working capital instructions have been issued vide instruction No 06/2025-GST dated 01.10.2025 by the Central Board of Indirect Taxes and Customs to its field formations and officers to provide provisional refund on account of inverted duty structure also.

iii. Simplified registration scheme w.e.f. 01.11.2025 has been introduced wherein automated registration is granted within three working days for low-risk applicants and those with output tax liability up to ₹2.5 lakh per month on supplies to registered persons. This has helped to reduce time for getting registration for small taxpayer.

iv. A scheme of quarterly return filing and monthly payment (QRMP) has been introduced wherein taxpayers with turnover up to ₹5 crore have an option to file returns on quarterly basis instead of monthly returns.

v. Section 128A has been inserted in the Central Goods and Services Tax Act, 2017, providing for waiver of interest and penalties on demand notices issued under Section 73 for fiscal years 2017-18, 2018-19 and 2019-20, in cases where the taxpayer pays the full amount of tax demanded by 31.03.2025. This has helped to provide relief to taxpayers and encourage voluntary compliance and reduce litigation.

vi. Amendment has been made in Sections 107 and 112 of the Central Goods and Services Tax Act, 2017, for reducing the amount of pre-deposit required for filing appeals under GST. The pre-deposit has been capped and reduced to Rs 40 crores (Rs 20 Crores (CGST) and Rs 20 crores (SGST)) under the CGST Act, 2017. This would help improve access to appellate remedy for taxpayers.

(b) Government of India is committed to expand digital transactions in the Indian Economy, and thereby enhancing the quality and strength of financial sector of the economy, as well as ease of living for citizen. Digital Payments have significantly increased in recent years as a result of coordinated efforts of the Government with all stakeholders.

- The total digital payment transactions volume increased from 2,071 crore in FY 2017-18 to 22,831 crore in FY 2024-25 at CAGR of 41%. During the same period, the value of transactions has grown from ₹ 1,962 lakh crore to ₹ 3,509 lakh crore. During the current financial year FY 2025-26 (till 31st Dec'25), volume of digital transactions stands at 20,343 crore and value stands at ₹ 2,357 lakh crore.
- Unified Payments Interface (UPI) is an indigenous digital payment system which provides the facility of quick and easy payments from multiple bank accounts in a single mobile application.
- UPI transactions have grown from 92 crore in FY 2017-18 to 18,587 crore in FY 2024-25 at CAGR of 114%. During the same period, the value of transactions has grown from ₹ 1.10 lakh crore to ₹ 261 lakh crore. During the current financial year FY 2025-26 (till 31st Dec'25), the volume of UPI transactions stands at 17,688 crore and value stands at ₹ 230 lakh crore.
- In December 2025, UPI reached another milestone recording over 2,100 crore transactions in a single month for the first time.

In addition, a pipeline has been created through linking of Jan-Dhan account with mobile and Aadhaar [Jan Dhan- Aadhaar – Mobile (JAM)]. This infrastructure pipeline is providing easy access to financial services to unserved and underserved areas through financial products such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY) and Direct Benefit Transfer (DBT).

The pipeline has ensured access to banking services for poor and the marginalized section on a wider horizon of the economy. It has enabled Aadhaar based authorisation of banking transactions including cash withdrawal. The pipeline of JAM is accelerating the pace for achieving the goal of digitized, financially included & insured society.

Growth of Digital payments in India and availability of various easy and convenient digital payment solution have facilitated ease of living for citizens, financial inclusion, and growth of business and economy.

(c) Fiscal consolidation under a credible medium-term fiscal framework has strengthened macroeconomic stability and eliminated the risk of inflation from excessive fiscal spending. In line with the glide path announced in the Union Budget 2021-22, the fiscal deficit has declined from 9.2 per cent of GDP in 2020-21 to 4.8 per cent in 2024-25 (PA) and is budgeted at 4.4 per cent in 2025-26. The Centre's debt-to-GDP ratio has also declined from 60.7 per cent in 2020-21 to 55.7 per cent in 2024-25 (RE). At the same time, growth-enhancing capital expenditure has increased from 1.7 per cent of GDP in 2019-20 to 3.2 per cent in 2024-25 (PA). As outlined in Budget 2025-26, the Government would endeavour to keep the Central Government's fiscal deficit to GDP ratio such that the Central Government debt is on declining path to attain a debt to GDP level of about 50±1 per cent by 31st March 2031. Domestic Inflation as measured by the Consumer Price Index (CPI) averaged 1.7 per cent for the first three quarters (April to December 2025), the lowest in the existing CPI series, while GDP growth remained firm at 8 per cent in H1 2025-26. A credible inflation-targeting regime and adherence to a medium-term

consolidation path have together reinforced macroeconomic stability and strengthened India's economic resilience.

(d) As per Reserve Bank of India's Financial Stability Report, December 2025, the Indian Financial Sector remained strong and resilient amid global headwinds, as reflected by financial parameters. The total credit of Scheduled Commercial Banks (SCBs) has grown to ₹ 203 lakh crore at end-Sep 2025 (provisional) from ₹ 76 lakh crore at end-Mar 2015, and registered credit growth of 11.1% in FY 2024-25.

The SCBs, urban cooperative banks and non-banking financial companies remained sound with robust capital and liquidity buffers, demonstrating ongoing improvement in asset quality, and maintaining steady profitability. The resilience of the banking system remained strong, as reflected in the Banking Stability Indicator (0.3 as on Mar-25), a composite indicator of soundness, asset quality, profitability, liquidity, efficiency and sensitivity to market risks, which remained well below the long-term average (slightly exceeding 0.4) of 40 quarters.

Further, as a result of deepening of financial inclusion and sustained financial literacy initiatives, RBI's Financial Inclusion Index has risen to 67 in 2025, up by 24.3% since 2021. With regard to Financial inclusion, the endeavour of the Government is to ensure availability of a banking outlet (Bank Branch / Business Correspondent/ India Post Payments Bank) within 5 kms of all inhabited villages in the country. The expansion and progress on the same are monitored through a Geographic Information System (GIS) based App., namely, the Jan Dhan Darshak (JDD) App. As per the JDD App, 99.92% village are covered with banking outlets within a radius of 5 kms.

Government, over the years, has taken comprehensive measures to resolve and reduce Non-Performing Assets (NPAs) in banks. Enabled by these, gross NPA ratio of Scheduled Commercial Banks (SCBs) has declined to 2.05% in September 2025 from a peak high of 11.2% in March 2018. Owing to measures taken to improve the performance of banking sector along with reduced provisioning requirement on reduced NPA level, banks' performance has also improved and SCBs have recorded highest ever aggregate net profit of Rs. 4.01 lakh crore during FY 2024-25 as against Rs. 3.50 lakh crore in FY 2023-24. Enabled by improved profitability and declined NPAs, banks capital adequacy has also improved from 16.1% in March 2025 from 15.5% in March 2024. With stronger Balance Sheets, improved asset quality, enhanced profitability and robust capitalization, banks have help strengthened financial stability and inclusive development.
