

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 4716
ANSWERED ON FRIDAY THE 23rd MARCH, 2018/
CHAITRA 2, 1940 (SAKA)**

IMPACT OF GST ON CORPORATE SECTOR

QUESTION

4716. SHRI BHAIRON PRASAD MISHRA:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेटकार्य मंत्री

**(a) the details of reaction of the corporate sector so far after the
introduction of Goods and Services Tax (GST) in the country; and**

(b) the manner in which the corporate sector get affected by GST?

ANSWER.

**THE MINISTER OF STATE FOR LAW AND JUSTICE
AND CORPORATE AFFAIRS**

(SHRI P.P. CHAUDHARY)

विधि और न्याय एवं कारपोरेटकार्यमंत्रालयमें राज्यमंत्री

(श्री पी.पी.चौधरी)

(a) Introduction of GST was a historical step for transforming India into a common national market with a simplified tax regime. GST was implemented w.e.f 1st July, 2017 and was welcomed by industry and corporates. Corporate sector as represented by industry associations such as CII, FICCI, and ASSOCHAM has reacted positively to introduction of GST in India.

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- 2 -

- (i) The total number of companies registered during the period July, 2017 to February, 2018 (post GST) is 68,299. The number of companies registered in the corresponding period of the previous year i.e. from July, 2016 to February, 2017 was 63,106. Thus, the increasing trend in the number of companies' registrations has been maintained post GST.**
- (ii) The Index of Industrial Production (IIP) is a lead indicator of industrial activity based on monthly production data from selected manufacturing units. The average growth rate of IIP was 5% during July, 2017-January, 2018 which was higher as compared to that of 3.9% in July, 2016-January, 2017. Industrial activity, post introduction of GST, has thus accelerated.**
- (iii) The data released by RBI shows that the growth in year-on-year sales for corporates in Q2 and Q3 of 2017-18 stood at 7.2% and 11.3% respectively. The corresponding figures for Q2 and Q3 of 2016-17 stood at 1.9% and 2.8% respectively. Thus, the growth in sales for corporates has also seen a remarkable increase in the post GST period so far.**
- (iv) Also, the overall growth rate of GDP increased from 6.5% in Q2 to 7.2% in Q3 of 2017-18. The corresponding figures for 2016-17 were 7.6% and 6.8% respectively.**

(b) Introduction of GST was the biggest tax reform in independent India. Introduction of GST has reduced the multiplicity of taxes and has thus created a simpler tax regime to promote ease of doing business. By doing away with the cascading effects of multiple taxes, GST is expected to lead to a reduction in the prices of goods. This will make our businesses more competitive in domestic and international markets which will thus spur the corporate sector along with formalization and overall growth of the economy.
