

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES
RAJYA SABHA
UNSTARRED QUESTION NO. 741
ANSWERED ON 05.12.2025

**IMPACT OF GST RATIONALISATION ON HEAVY INDUSTRIES AND
ANCILLARY SECTORS**

741. DR. DINESH SHARMA:
SHRI KESRIDEVSINH JHALA:
SMT. KIRAN CHOUDHRY:
DR. BHAGWAT KARAD:
SHRI MAYANKKUMAR NAYAK:

Will the Minister of Heavy Industries be pleased to state:

- (a) the overall impact of the revised GST structure on sectors related to heavy industries, including automobiles transport equipment and industrial components;
- (b) the implications of the rate reductions on domestic manufacturing, investment trends and 'Make in India' initiative;
- (c) the measures being undertaken to ensure input tax credit utilisation and reduce cascading tax effects across the heavy industry supply chain; and
- (d) the impact of GST rationalisation on logistics costs, input expenses and the overall competitiveness of domestic manufacturers?

ANSWER
THE MINISTER OF STATE FOR HEAVY INDUSTRIES
(SHRI BHUPATHIRAJU SRINIVASA VARMA)

(a): No such study has been carried out by the Ministry of Heavy Industries (MHI). However, As per data at VAHAN portal of the Ministry of Road Transport and Highways, there has been substantial increase in the total number of vehicles sold in October 2025 vis-à-vis corresponding month of the previous year. The total number of vehicles sold in October 2025 were 40,55,559 as compared to 28,70,120 vehicles sold in October 2024.

(b): No such study has been carried out by MHI. However, Society of Indian Automobile Manufacturers (SIAM) has informed that as more than 99% percent of vehicles sold in the country are produced in India, the increase of sales is expected to result in more investments in the sector and can contribute to Make in India initiative.

(c): Ministry of Finance has informed that to ensure seamless credit flow and prevent tax cascading, the Council recommended amending the provisions of the CGST/SGST Acts to provide for the provisional refund of 90% of the claimed amount in cases arising out of an inverted duty structure, on similar lines as is presently available for refund in respect of zero-rated supply refund claims. Pending amendments in the CGST/SGST Acts, the Central Board of Indirect Taxes and Customs has issued instructions to its field formations to grant refunds on a provisional basis equivalent to 90% of refund claimed, arising out of Inverted Structure based on the identification and evaluation of risk by the system w.e.f. 1st October, 2025. This step will ensure that the working capital of businesses involved in the supply of goods having inversion in rate of inputs vis-a-vis output supplies, is not blocked.

(d): Ministry of Finance has informed that lower logistics costs, expected to improve due to cheaper vehicle acquisition and seamless Input Tax Credit and reduced tax enhance the price competitiveness of Indian heavy industries in both domestic and global markets.
