

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE**

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**LOK SABHA**

**UNSTARRED QUESTION No.3566**

**TO BE ANSWERED ON FRIDAY, MARCH 16, 2018/PHALGUNA 25, 1939 (SAKA)**

**Impact of GST on MSMEs**

**3566. SHRIMATI POONAMBEN MAADAM:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Micro, Small and Medium Enterprises (MSMEs) have got a fresh lease of life after Budget 2018 and if so, the estimated number of units that will be overall benefited through this in the country including Gujarat, State-wise;
- (b) whether the MSMEs have raised concern over the impact of the Goods and Services Tax (GST) and if so, the steps taken/proposed to be taken by the Government in this regard and to boost the growth of MSMEs in the country; and
- (c) whether the move to cut corporate tax rate to 25 per cent for companies with annual revenue of up to Rs.250 crore reduce tax burden on MSMEs and help to generate employment and if so, the details thereof?

**MINISTER OF STATE FOR FINANCE  
(SHRI SHIV PRATAP SHUKLA)**

(a) Yes Sir. In Budget 2018-19, the Micro, Small and Medium Enterprises (MSMEs) has been given a thrust in order to boost employment and economic growth. A sum of Rs. 3794 crores has been provided for giving credit support, capital and interest subsidy and for innovations. The rate of Corporate Income Tax for companies that have reported turnover up to Rs.250 crore has been reduced to 25%. This will benefit the entire class of Micro, Small and Medium Enterprises which accounts for almost 99% of companies filing their tax returns. State-wise data of the estimated number of units that will overall benefit through this is not available at this juncture.

(b) Yes Sir. Representations have been received from MSMEs regarding the difficulty faced by them in adjusting to the new tax regime including additional compliance requirements. In order to address these difficulties and for constant improvement of the GST law and procedures, various decisions that have been taken by the GST Council have been implemented by issuance of necessary notifications and circulars.

(c ) Yes Sir. The move to reduce Corporate Income Tax to 25% for companies with annual revenue of up to Rs.250 crore will reduce tax burden on MSMEs. Lower Corporate Income Tax rate will leave companies with higher investible surplus, leading to creation of more jobs.

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