

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA  
UNSTARRED QUESTION NO.5907  
TO BE ANSWERED ON MONDAY, MARCH 30, 2026/ CHAITRA 09, 1948 (SAKA)

**Fiscal Impact of Corporate Tax Reductions**

5907. Shri Pushpendra Saroj:

Will the Minister of FINANCE be pleased to state:

- (a) the increase in private capital expenditure and employment generation recorded by companies that benefited from the reduced corporate tax regime since 2019, sector-wise;
- (b) whether the Government has undertaken any assessment of comparing the magnitude of revenue foregone with the actual increase in investment, manufacturing output and job creation attributable to the tax reductions, if so, the details thereof;
- (c) the distribution of new private investment projects and employment created by companies availing the reduced corporate tax rates, State-wise and particularly for Uttar Pradesh; and
- (d) the policy measures proposed by the Government to ensure that corporate tax concessions translate into measurable increases in productive investment, manufacturing expansion and employment generation rather than primarily improving corporate profitability?

**ANSWER**

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

(a) to (c) The Government reduced the corporate income tax rate for domestic companies in September 2019 with an intent to attract fresh investment, create jobs and stimulate overall economic growth. As per the estimates released by the Ministry of Statistics and Programme Implementation (MoSPI), gross fixed capital formation (GFCF) by the private corporate sector at current prices had risen from ₹21.7 lakh crore in 2019-20 to ₹30.3 lakh crore in 2023-24 at current prices (based on the old series (Base year 2011-12)). Under the new series (Base Year 2022-23), GFCF continues to rise from ₹28.5 lakh crore in 2022-23 to ₹29.7 lakh crore in 2023-24 and ₹32.4 lakh crore in 2024-25.

The manufacturing sector has exhibited robust performance in recent years, supported by policy measures such as the reduction in corporate tax rates. As a result, the sector has recorded, on average, double-digit growth in recent years. Under the new series of GDP estimates (base year 2022-23), the Manufacturing Gross Value Added (current prices) has gone up from ₹ 34.8 lakh crore in 2022-23 to ₹ 46.5 lakh crore in 2025-26.

The employment situation has also improved in the country in the past years. According to the annual PLFS by the National Statistical Organisation, MoSPI, the all-India annual unemployment rate (UR) (persons aged 15 years and above, as per usual status) has been declining from 5.8 per cent in 2018-19 to 3.2 per cent in 2023-24. This has been accompanied by a rise in labour force participation rate from 50.2 per cent in 2018-19 to 60.1 per cent in 2023-24. The Worker population ratio has also increased from 47.3 per cent in 2018-19 to 58.2 per cent in 2023-24. However, the disaggregated state-wise data of new private investment projects and employment created by companies availing the reduced corporate tax rates is not maintained by the Ministry of Statistics and Programme Implementation.

The corporate tax reforms have also contributed to higher corporate tax revenues for the Government by improving corporate profitability and strengthening balance sheets. According to the Reserve Bank of India, aggregate corporate profits of listed companies have increased from around ₹2.5 trillion in 2020-21 to ₹7.1 trillion in 2024-25, resulting in an increase in corporate tax collections from ₹4.58 lakh crore to ₹9.87 lakh crore over this period.

(d) The Government has put in place a comprehensive policy framework to ensure that corporate tax concessions translate into productive investment, manufacturing growth and employment generation. This includes Production-Linked Incentive (PLI) schemes across 14 sectors linking incentives to incremental output, a sustained increase in public capital expenditure from ₹4.3 lakh crore in 2020–21 to ₹12.2 lakh crore in 2026–27 (BE) to crowd in private investment, and sector-specific initiatives such as the India Semiconductor Mission 1.0 and 2.0 and National Green Hydrogen Mission. These are complemented by Ease of Doing Business reforms, including GST simplification, labour codes and reduction in compliance burden, along with employment-linked incentives and skilling programmes such as the Prime Minister’s Employment and Skilling Package, aimed at ensuring that investment growth translates into measurable employment outcomes.

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