

## GST TO BOOST JOB CREATION; HIRING TO INCREASE BY 11%: TEAMLEASE REPORT

The implementation of GST (Goods and Service Tax) will not only have a positive impact on the ease of doing business; it will propel formal job creation states **TeamLease GST Bill and Jobs Report**. As per the study, adoption of GST will lead to an 11% growth in hiring across sectors. Further, from a region perspective though marginally South India will top the job generation chart.

### KEY FINDINGS OF THE STUDY

➤ **The GST regime will result in double digit job creation across sectors**

- Job creation post-GST implementation (per year)

Sectors	% additional jobs per year
Automobiles, Logistics, Home Décor, Ecommerce, Media & Entertainment and Cement	between 11% and 18%
IT and ITeS and BFSI	between 10% and 12.5%
Consumer Durables, Pharmaceuticals and Telecommunications	between 10% and 13%

➤ **Ecommerce and Logistics create jobs fastest, with increase in demand, scale and profitability**

	South	North
Ecommerce	21%	17%
Logistics	17.5%	17%

- 5 out of 6 top sectors create significant number of jobs due to increased demand
- The 6<sup>th</sup> – Cement – creates more jobs on the back of higher profitability
- Among the rest, except BFSI, all others benefit from higher profitability albeit, with no effect on demand

➤ **Temp hiring is set to receive a big boost during the GST regime**

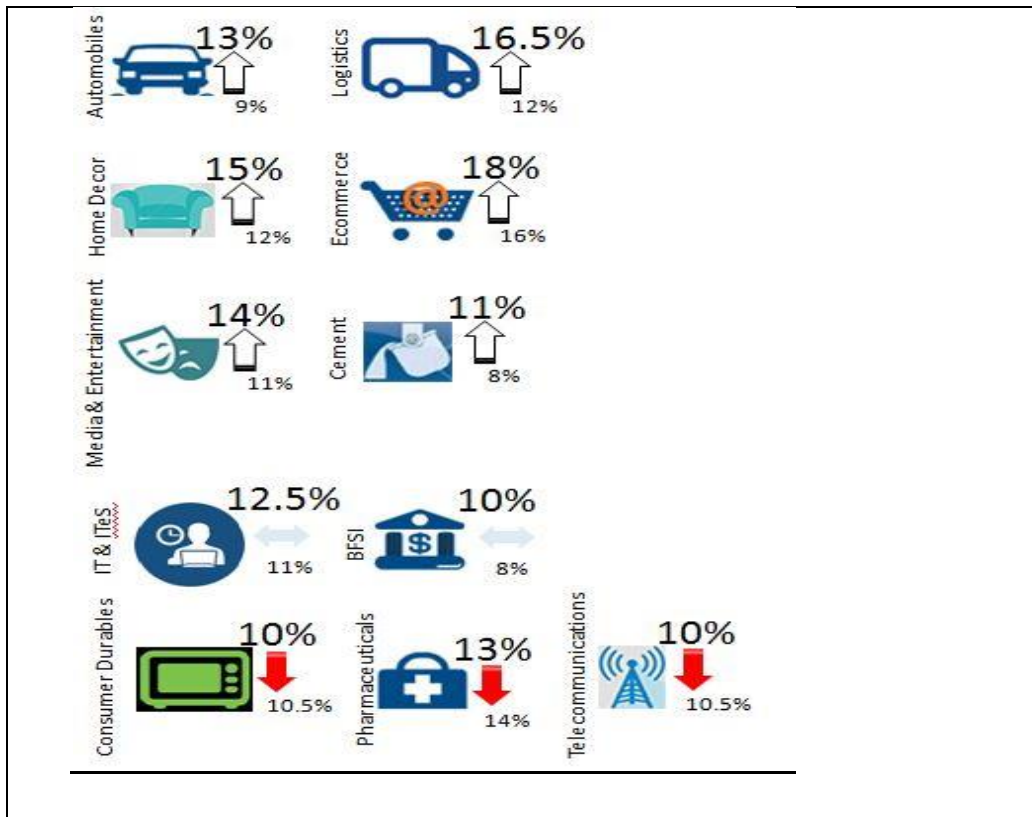
- All sectors, except Cement and IT / ITeS, are likely to create significant number of temp jobs
- Blue Collar and Front End Sales roles are likely to be the main beneficiaries of this trend

➤ **The GST has elements that mostly create jobs, but may also result in job loss in 3 sectors**

- In sectors that are net creators of jobs the drivers are increased consumer demand and upsurge in tax revenues
- The 3 sectors that are likely to witness loss of jobs the predominant reason is increase in prices due to GST
- **Increased tax compliance and formalization are the catalysts of GST success**
  - Tax rationalization and a wider tax base are estimated to increase tax revenue mobilization by 47% – 82%
  - The network effect of informal businesses pushed to formalize is instrumental in creating formal jobs
- **New compliance complexities and legacies that maintain status quo offer resistance to success**
  - Place of Supply and Point of Taxation ambiguities need to be resolved to ensure wider success and so, job creation
  - Exemptions and Interstate taxation serve to delay the gratification for some sectors, adversely affect job creation

According to the report, except for consumer durables, Pharmaceuticals and telecommunication most other sectors will **create jobs in double digits**.

### IMPACT ON HIRING ACROSS SECTORS



Elaborating on the report **Ms. Rituparna Chakraborty, Executive Vice President & Co-Founder, TeamLease Services said**, “The uniformity and the reduction in the average tax burden offered by GST will provide a great



impetus to employment creation. The predictability of cost of products manufactured or services rendered across the country will improve enterprise productivity. It will also trigger expansion of services, capacity and product ranges, resulting in a subsequent increase in manpower requirement. While all sectors stand to gain from the positive move, the biggest gainer will be labour intensive sectors leading to a substantial raise in formal job creation.”

A detailed analysis on the impact of GST on the economy, as per the study, GST will boost the revenue of the exchequers as well. The revenue collection from **General Sales Tax** will grow from the current **6.3% to 11.49%**. Service tax, central excise and customs will also witness growth leading to greater funding towards workforce welfare and sustained job creation initiatives.

**TeamLease GST Bill and Jobs Report** is a comprehensive study aimed at understanding the impact of the new single tax system (GST) on job creation. The study covers 11 key industry verticals namely FMCD, Automobile, BFSI, Telecommunication, Pharma, IT / ITes, E-commerce, Logistics, Media & Entertainment & Cement across the country.

#### **About TeamLease Services Limited**

Operating since 2002, today TeamLease is one of India’s leading human resource service companies. Currently, the company has 8 offices and 1400 clients across the country. The company has is a one-stop provider of human resources services, offering staffing, payroll processing, recruitment, compliance and training services. TeamLease set in motion the larger company mission of ‘Putting India to Work’ by focusing on its vision of 3 Es – Employment, Employability and Education. The company in partnership with the Government of Gujarat, set up TeamLease Skills University (TLSU), India’s first vocational university, at Vadodara. In FY2015, TeamLease rolled out NETAP (National Employability through Apprenticeship Program) to provide on-the-job training to apprentices. The company at present has about 125,000 associates/ trainees spread across the country and have till date given employment to 1.2 million people with an aim to hire millions more. For more details, visit [www.teamlease.com](http://www.teamlease.com).

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