

New business registrations pick up in June

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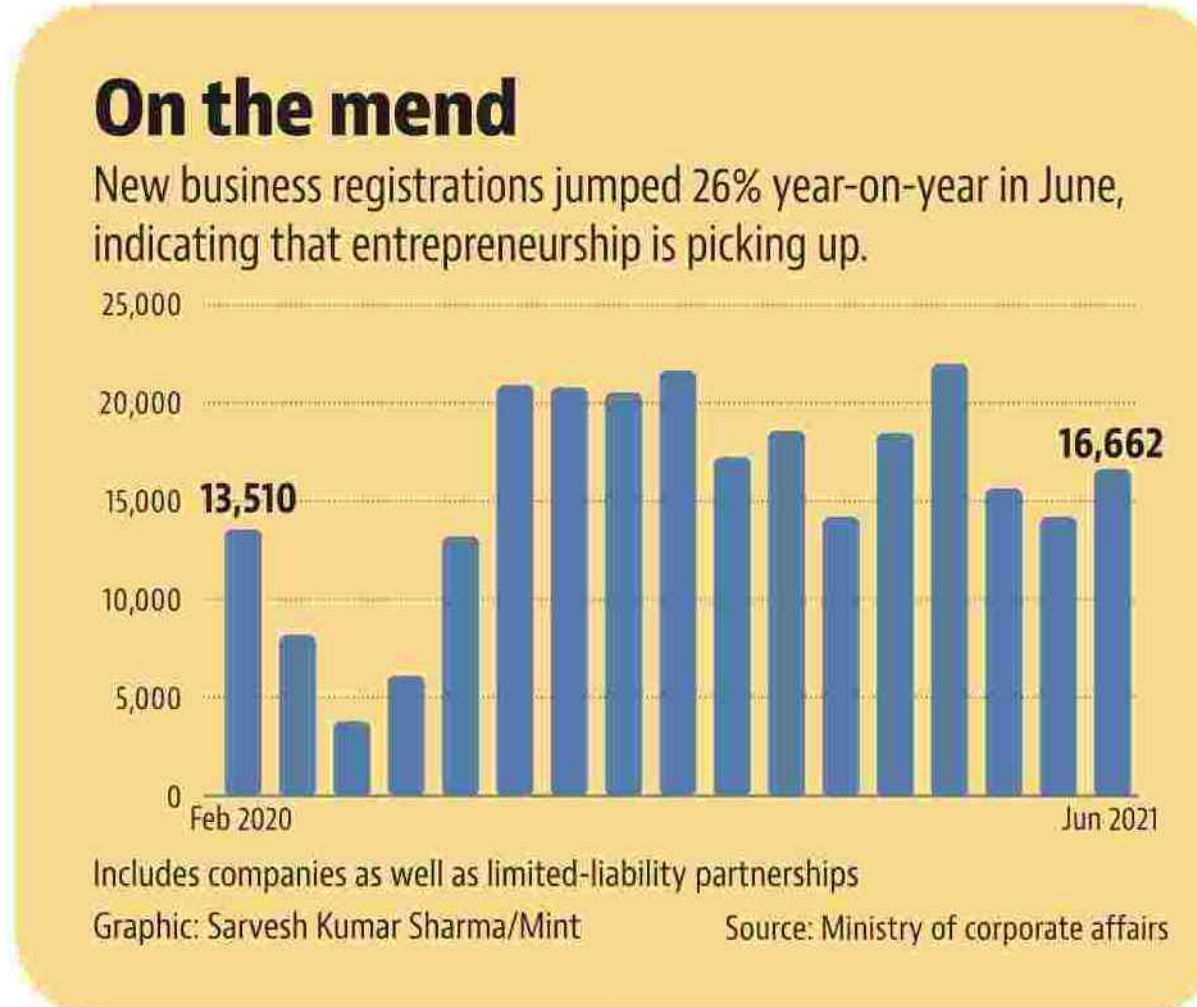
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NEW DELHI: More than 16,600 businesses were registered in June, according to data from the corporate affairs ministry, representing a 26% year-on-year jump and indicating that entrepreneurship is picking up even as the second wave of the pandemic is abating.

Of the businesses incorporated in June, 12,722 were new companies and 3,940 were limited liability partnerships (LLPs), a more flexible business vehicle preferred by the service sector.

There has been a 16.7% jump in the incorporation of businesses in June compared to May, when 14,269 businesses were registered, including companies and LLPs.

The incorporation of a business indicates investment



intent and a potential increase in economic activity, though a host of variables could influence the actual investments into these business vehicles.

Some businesses may be incorporated merely for the ownership of assets.

The registration of new companies and LLPs had seen a

sharp drop in April 2020 as a result of the nationwide lockdown imposed to contain the spread of the coronavirus, but recovered from June.

Figures for May show a slight drop, but the overall trend so far in the first quarter of FY22 has been of robust activity in registering businesses compared to a year ago.

This suggests that the second covid wave had a muted impact on entrepreneurship.

The restrictions imposed in various parts of the country during the second wave had also led to a slight drop in the goods and services tax (GST) collections reported in June for sales in May.

GST collected in June had dropped below ₹1 lakh crore after staying above that level for eight consecutive months, official data showed earlier this month.