

**Revenue foregone under the Central Tax System:  
Financial Years 2009-10 and 2010-11**

The main objective of any tax system is to raise revenues to fund Government expenditures. The amount of revenue raised is determined to a large extent by tax bases and tax rates. It is also a function of a range of measures – special tax rates, exemptions, deductions, rebates, deferrals and credits – that affect the level and distribution of tax. These measures are sometimes called “tax preferences”. They have an impact on Government revenue (i.e. they have a cost) and reflect the policy choices of the Government.

Tax preferences may be viewed as subsidy payments to preferred taxpayer such implicit payments are referred to as “tax expenditures” and it is often argued that they should appear as expenditure items in the Budget. In this context, the basic issue is not one of tax policy but one of efficiency and transparency – programme planning requires that the policy objectives be addressed explicitly; and programme budgeting calls for the inclusion of such outlays under their respective programme headings. Tax expenditures are spending programmes embedded in the tax statute.

A tax expenditure or a revenue foregone statement was laid before Parliament for the first time during Budget 2006-07 by way of annex-12 of the Receipts Budget 2006-07. It was well received by all quarters and gave rise to a constructive debate on the entire gamut of issues concerning fiscal policy. It also lent credence to the Government’s intention of bringing about transparency in the matter of tax policy and tax expenditures.

The second edition of this statement was placed before Parliament during Budget 2007-08 by way of annexure-12 of the Receipts Budget and also by way of a separate budget document titled “Statement of Revenue Foregone”. Thereafter, it was again placed before Parliament during Budget 2008-09, 2009-10 and 2010-11.

Like in the earlier five years, this Statement seeks to list the revenue impact of tax incentives or tax subsidies that are a part of the tax system of the Central Government. The revenue foregone on account of such tax incentives has been estimated in respect of most items of tax preferences. The estimates are for financial year 2009-10, the most recent year for which data is available. However, an attempt has also been made to estimate the revenue loss during financial year 2010-11 on the basis of the revenue foregone figures of the financial year 2009-10 projected on the provisional collection figures for 2010-11.

The estimates of the tax expenditures have been made on the basis of the following assumptions:-

- (a) The estimates and projections are intended to indicate the potential revenue gain that would be realised by removing exemptions, deductions, weighted deductions and similar measures. The estimates are based on a short-term impact analysis. They are developed assuming that the underlying tax base would not be affected by removal of such measures. As the behaviour of economic agents, overall economic activity or other Government policies could change along with the elimination of the specific tax preference, the revenue implications could be different to that extent.
- (b) The cost of each tax concession is determined separately, assuming that all other tax provisions remain unchanged. Many of the tax concessions do, however, interact with each other. Therefore, the interactive impact of tax incentives could turn out to be different from the revenue foregone calculated by adding up the estimates and projections for each provision.

The assumptions and methodology adopted to estimate the revenue foregone on account of different tax incentives are indicated at the relevant places in this Statement.

### **Direct Taxes**

The Income-tax Act, inter alia, provides for tax incentives to promote savings by individuals; exports; balanced regional development; creation of infrastructure facilities; employment; donations for charity and rural development; scientific research and development; and the cooperative sector. Accelerated depreciation is also provided as an incentive for capital investment. Most of these tax benefits can be availed of by both corporate and non-corporate taxpayer. This Statement attempts to estimate some of the major tax expenditures.

#### **A. Corporate Sector**

Large business is mainly organised as companies. The Income-tax Department has received 4,27,811 corporate returns electronically up to 31<sup>st</sup> December, 2010 for the financial year 2009-10 [i.e., assessment year 2010-11]. These returns constitute about 90% of the total corporate returns expected in financial year 2010-11. These companies reported corporate tax payable as ₹1,93,869 crore [inclusive of surcharge and education cess] for their income of financial year 2009-10. They also reported ₹12,595 crore as Dividend Distribution Tax payable during the financial year 2009-10.

For the purposes of estimating the tax expenditure, data pertaining to these 4,27,811 companies<sup>1</sup> was culled from the database for analysis and is detailed in tables 1 to 5 and Appendix to this statement. Table 1 profiles these companies across profit ranges. The following facts emerge from an analysis of the data:-

- 2,49,977 companies (58.43%) reported ₹8,23,937 crore as profits before taxes and a total income (taxable income)<sup>2</sup> of ₹5,39,408 crore for the financial year 2009-10.
- 1,49,283 companies (34.9%) reported ₹1,85,585 crore as losses.
- 28,551 companies (6.67%) reported Nil profit.

<sup>1</sup> The sample size for financial year 2008-09 was 3,66,233.

<sup>2</sup> The term “total income”, in income-tax returns, represents taxable income as would be implied in common parlance.

The **effective tax rate<sup>3</sup> of the entire sample was 23.53 per cent<sup>4</sup>** [as against the rate of 22.78 per cent reported in 2008-09]. While the statutory tax rate was 33.99 per cent. Companies with profits before taxes [PBT hereafter] of ₹500 crore and above – a total of 216 – accounted for 55.75 per cent of the total PBT and 53.43 per cent of the total corporate income tax payable. However, their effective tax rate was 22.55 per cent, while the effective tax rate was 25.70 per cent for companies with PBT of up to ₹one crore.

The ratio of total income to PBT is much higher (77.90 per cent) for companies with PBT of up to ₹one crore than that for the total sample (65.45 per cent). This indicates lesser deviance from PBT in the case of relatively smaller companies as compared to larger companies owing to higher tax concessions being availed of by the latter.

**Table 1: Profile of sample companies across range of profits before taxes  
(financial year 2009-10) [sample size – 427811]**

Sl. No.	Profit Before Taxes	Number of Companies	Share in Profits Before Taxes (in %)	Share in Total Income (in %)	Share in Total Corporate Income Tax Payable (in %)	Ratio of Total Income to Profits Before Taxes (in %)	Effective Tax Rate (in %)
1	Less than Zero	149283	0.00	0.38	0.33	-	-
2	Zero	28551	0.00	3.25	1.63	-	-
3	₹0-1 Crore	223888	3.13	3.72	3.42	77.90	25.70
4	₹1-10 Crore	20621	7.54	7.77	8.00	67.46	24.97
5	₹10-50 Crore	3880	10.08	9.53	10.19	61.92	23.79
6	₹50-100 Crore	680	5.71	5.08	5.54	58.19	22.82
7	₹100-500 Crore	692	17.79	16.31	17.46	60.03	23.09
8	Greater than ₹500 Crore	216	55.75	53.95	53.43	63.35	22.55
9	All Sample Companies	427811	100.00	100.00	100.00	65.47	23.53

Table 2 profiles the sample companies across effective tax rates. 68,918 companies with average effective tax rate of less than zero, zero and zero to 20 per cent accounted for 46.20 per cent of total profits before taxes, 21.47 per cent of total taxable income and 27.08 per cent of total taxes paid. 42,744 companies accounting for 14.83 per cent of total profits and 24.46 per cent of the total taxes had an effective tax rate greater than the statutory rate. This is apparently on account of certain expenses debited in profit and loss account being disallowable under the Income-tax Act.

**Table 2: Profile of sample companies across range of effective tax rate\*  
(financial year 2009-10 [sample size – 427811 ])**

Sl. No.	Effective tax rate (in %)	Number of Companies	Share in Total profits (in %)	Share in Total Income (in %)	Share in Total Tax Payable (in %)
1	Less Than Zero and Zero	164984	3.05	0.44	0.33
2	0-20	68918	43.15	21.03	26.75
3	20-25	14491	7.83	8.00	7.57
4	25-30	24049	15.46	18.97	17.79
5	30-33.99	84074	15.66	22.77	21.46
6	>33.99	42744	14.83	25.53	24.46
7	Indeterminate	28551	0.00	3.25	1.63
8	All Sample Companies	427811	100.00	100.00	100.00

\* Effective tax rate is inclusive of surcharge and education cess.

3 Effective tax rate in case of companies is the ratio of total taxes paid [including surcharge and education cess but excluding Dividend Distribution Tax] to the total profits before taxes [PBT] and expressed as a percentage.

4 Effective tax rate including dividend distribution tax was 25.06 percent.

Table 3 compares the effective tax rate of public companies [PSUs only] with that of private companies. While the rate is lower than the statutory rate for both categories, the public sector companies pay a slightly larger proportion of their profits as tax than the private companies.

**Table 3 : Effective tax rate\* of sample companies in the public and private sectors  
(financial year 2009-10) [sample size – 427053 ]**

Sl. No.	Sector	Number of Companies	Share in total profits (in %)	Share in total tax payable (in %)	Effective tax rate (in %)
1	Public	2153	23.45	25.23	25.36
2	Private	424900	76.55	74.77	23.03
	<b>Total</b>	<b>427053</b>	<b>100.00</b>	<b>100.00</b>	<b>23.58</b>

\* effective tax rate is inclusive of surcharge and education cess. Sample size is slightly less than the other tables as some of the returns the PSU option was not filled up.

Table 4 shows a comparison between the effective tax rate of the manufacturing sector and the service sector in respect of the sample companies. For both the sectors, the effective tax rate is almost the same. Both the sectors have an effective tax rate that is well below the statutory rate of 33.99 per cent.

**Table 4 : Effective tax rate\* of sample companies in the manufacturing and service sectors  
(financial year 2009-10) [sample size – 427053]**

Sl. No.	Sector	Number of Companies	Share in total profits (in %)	Share in total tax payable (in %)	Effective tax rate (in %)
1	Manufacturing	115366	51.7	51.33	23.40
2	Service	311687	48.27	48.67	23.77
	<b>Total</b>	<b>427053</b>	<b>100.00</b>	<b>100.00</b>	<b>23.58</b>

\* effective tax rate is inclusive of surcharge and education cess. Sample size is slightly less than the other tables as some of the returns did not have the PSU flag checked.

Table 5 gives details of the major tax expenditures on corporate tax payers in terms of the revenue foregone during the financial year 2009-10 and 2010-11. The tax foregone on each tax concession claimed by these companies has been calculated by applying the corporate tax rate of 33.99 per cent on the amount of each deduction. For revenue foregone on account of accelerated depreciation, deduction/weighted deduction for expenditure on scientific research, and deduction for expenditure on eligible projects/schemes for social and economic uplift of the public, it has been calculated by first determining the difference between the depreciation/deduction debited to the profit and loss account by companies and the depreciation/deduction allowable under the Income-tax Act. Thereafter, the corporate tax rate of 33.99 per cent has been applied to this difference to arrive at the revenue foregone figure.

Based on the revenue foregone figures for financial year 2009-10, the revenue foregone for the financial year 2010-11 has been projected. The estimation for 2010-11 has been done by calculating the ratio of revenue foregone on each tax incentive in 2009-10 to the actual corporate tax collected in the year [₹2,44,725 crore] and then applying the same ratio to the revised estimates of corporate tax collections in 2010-11 [₹2,96,377 crore]. Table 5 depicts the major tax expenditures on corporate taxpayers in terms of revenue foregone during the financial years 2009-10 and 2010-11.

**Table 5 : Major tax expenditure on corporate tax payers during financial years 2009-10 and 2010-11 [sample size - 427811 ]**

<b>Sl. No.</b>	<b>Nature of incentive</b>	<b>Revenue Foregone (in ₹ Crore) [2009-10]</b>	<b>Projected Revenue Foregone (in ₹ Crore) [2010-11]</b>
1	Deduction of export profits of STPI units (section 10A)	9497	11501
2	Deduction of export profits of EHTP units (section 10A)	102	124
3	Deduction of export profits of units located in SEZs (section 10A and 10AA)	4233	5126
4	Deduction of export profits of units located in EPZs (section 10A)	32	39
5	Deduction of export profits of units located in FTZs (section 10A)	35	42
6	Deduction of export profits of Export Oriented Units [EOUs] (section 10B)	3085	3736
7	Deduction of export profits of units manufacturing items of artistic value (section 10BA)	26	31
8	Accelerated Depreciation (section 32)	29308	35494
9	Deduction/weighted deduction for expenditure on scientific research (section 35 (1), (2AA) &(2AB))	2416	2926
10	Deduction for expenditure on eligible projects or schemes for the social and economic uplift of the public (section 35AC)	104	126
11	Deduction on account of donations to charitable trusts and institutions (section 80G)	554	671
12	Deduction on account of donations for scientific research or rural development (section 80GGA)	1	1
13	Deduction on account of contributions to political parties (section 80GGB)	42	51
14	Deduction of profits of certain industrial undertakings or a ship or a hotel business (section 80-I)	Nil	Nil
15	Deduction of profits of undertakings engaged in development of infrastructure facilities (section 80-IA)	2592	3139
16	Deduction of profits of undertakings engaged in development of SEZs and Industrial Parks (section 80-IA)	354	429
17	Deduction of profits of undertakings engaged in providing telecommunication services (section 80-IA)	3510	4251
18	Deduction of profits of undertakings engaged in generation, transmission and distribution of power (section 80-IA)	7236	8763
19	Deduction of profits of undertaking engaged in revival of power plant (section 80-IA)	214	259
20	Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)	757	917
21	Deduction of profits of industrial undertakings operating in the small-scale sector (section 80-IB)	137	166
22	Deduction of profits of industrial undertakings located in Jammu & Kashmir (section 80-IB)	217	263
23	Deduction of profits of industrial undertakings located in industrially backward States other than Jammu & Kashmir (section 80-IB)	372	451
24	Deduction of profits of industrial undertakings located in backward districts (section 80-IB)	97	117
25	Deduction of profits of industrial undertakings derived from multiplex theatre and convention centre (section 80-IB)	2	2

Sl. No.	Nature of incentive	Revenue Foregone (in ₹ Crore) [2009-10]	Projected Revenue Foregone (in ₹ Crore) [2010-11]
26	Deduction of profits of industrial undertakings derived from development of scientific research (section 80-IB)	68	82
27	Deduction of profits of industrial undertakings derived from production of mineral oil (section 80-IB)	1056	1279
28	Deduction of profits of industrial undertakings derived from housing projects (section 80-IB)	986	1194
29	Deduction of profits of industrial undertakings derived from operating a cold chain facility (section 80-IB)	2	2
30	Deduction of profits of industrial undertakings derived from integrated business of handling, storage and transportation of food grains (section 80-IB)	43	52
31	Deduction of profits of industrial undertakings derived from processing, preservation and packaging of fruits and vegetables (section 80-IB)	72	87
32	Deduction of profits of industrial undertakings derived from hospital in rural area (section 80-IB)	3	4
33	Deduction of profits of undertakings set-up in North Eastern States (section 80-IC)	1247	1510
34	Deduction of profits of undertakings set-up in Sikkim (section 80-IC)	89	108
35	Deduction of profits of undertakings set-up in Uttaranchal (section 80-IC)	2200	2664
36	Deduction of profits of undertakings set-up in Himachal Pradesh (section 80-IC)	2127	2576
37	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	21	25
38	Deduction in respect of employment of new workmen (section 80JJAA)	29	35
39	Deduction in respect of certain incomes of Offshore Banking Units [OBUs] and International Financial Services Centre [IFSC] (section 80LA)	15	18
<b>TOTAL</b>		<b>72,881</b>	<b>88,263</b>

While the projected revenue foregone figure for 2009-10 was estimated in the last year's statement to be ₹79,554 crore, it has now been actually calculated at ₹72,881 crore, which is 8.38 per cent lower.

Accelerated depreciation accounts for the head under which the highest amount of tax revenue (₹29,308 crore) has been foregone.

Across various sectors, deductions for Software Technology Parks (STPs), Export-Oriented Undertakings (EOUs), Power, and Telecom sectors account for 13%, 4%, 10% and 5% of the total tax foregone respectively.

Revenue Foregone of export profits of units located in SEZs for financial year 2009-10 was projected at ₹3,183 cores in the previous year's statement. However, based on the data now available, the actual revenue foregone during 2009-10 on these units is now calculated at ₹4,233 crore. For financial year 2010-11, revenue foregone on account of these units has been estimated at ₹5,126 crores. Keeping in mind the increase in revenue foregone in financial year 2009-10, the actual revenue foregone in financial year 2010-11 in respect of sections 10A & 10AA may be higher than the estimate.

The industry-wise distribution of effective tax rate of companies is given in the table in the Appendix to this statement. At the lower range, the effective tax rate for the IT Enabled Services Providers & BPO Service Providers and Software Development Agencies is at 15.1 per cent and 18.0 per cent respectively.

#### B. Non-Corporate [Firms/AOPs/BOIs] Sector

Apart from the corporate sector, large business is also organised as partnership firms and Association of Persons [AOPs] or Body of Individuals [BOIs]. The tax expenditure on these is not as large as that in case of companies. The Income-tax Department has received 3,95,458 returns electronically upto 31<sup>st</sup> December, 2010 for income of the financial year 2009-10. For the purposes of estimating the tax expenditure, data pertaining to these 3,95,458 firms/AOPs/BOIs was culled out from the database of the Income-tax Department. Till 31<sup>st</sup> December, 2010, these 3,95,458 firms/AOPs/BOIs had filed their returns electronically. They account for a substantial part of the tax paid by the universe of firms/AOPs/BOIs in financial year 2009-10.

The data was analysed and the following facts emerged:-

- The sample firms/AOPs/BOIs reported ₹61,569 crore as profits before taxes (losses were reported by about 8.7 per cent of the sample) and declared a total income (taxable income) of ₹42,380 crore for the financial year 2009-10.
- These sample firms/AOPs/BOIs reported ₹12,796 crore as income tax payable [inclusive of surcharge and education cess] for the financial year 2009-10. The effective tax rate<sup>5</sup> in their case works out to 20.78 per cent.

The tax foregone on each tax concession claimed by the sample firms/AOPs/BOIs has been calculated by applying the income tax rate of 30.90 per cent on the amount of each deduction. The revenue foregone on account of accelerated depreciation; deduction/weighted deduction for expenditure on scientific research; and deduction for expenditure on eligible projects/schemes for social and economic uplift of the public has been calculated by first determining the difference between the depreciation/deduction debited to the profit and loss accounts by firms/AOPs/BOIs and the depreciation/deduction allowable under the Income-tax Act. Thereafter, the income tax rate of 30.90 per cent has been applied to this difference to arrive at the revenue foregone figure.

Though the sample firms/AOPs/BOIs account for 90 per cent of all such entities in terms of taxes paid, the revenue foregone on account of these sample firms/AOPs/BOIs has been taken to be the total revenue foregone in the non-corporate sector. To this extent the revenue foregone may be a slight underestimate.

Based on the revenue foregone figures for financial year 2009-10, the revenue foregone for the financial year 2010-11 has been estimated. The estimation for 2010-11 has been done by calculating the ratio of revenue foregone on each tax incentive in 2009-10 to the actual income tax collected in the year from firms/AOPs/BOIs [₹15,782 crore] and then applying the same ratio to the revised estimates of income tax collections in 2010-11 [₹17,709 crore]. Table 6 depicts the major tax expenditures on non-corporate taxpayers in terms of revenue foregone during the financial years 2009-10 and 2010-11. The highest tax expenditure, by far, is on account of deduction of profits of undertakings derived from Housing Projects which account for 33.55% of the total revenue foregone.

**Table 6 : Major tax expenditure on sample firms/AOPs/BOIs during financial years 2009-10 and 2010-11 [sample size – 395458 ]**

Sl. No.	Nature of incentive	Revenue Foregone (in ₹ Crore) [2009-10]	Projected Revenue Foregone (in ₹ Crore) [2010-11]
1	Deduction of export profits of STPI units (section 10A)	67	75
2	Deduction of export profits of EHTP units (section 10A)	NIL	NIL
3	Deduction of export profits of units located in SEZs (section 10A and 10AA)	296	333
4	Deduction of export profits of units located in EPZs (section 10A)	7	8
5	Deduction of export profits of units located in FTZs (section 10A)	1	1
6	Deduction of export profits of Export Oriented Units [EOUs] (section 10B)	352	395
7	Deduction of export profits of units manufacturing items of artistic value (section 10BA)	1	1
8	Accelerated Depreciation (section 32)	439	493
9	Deduction/weighted deduction for expenditure on scientific research (section 35 (1), (2AA) &(2AB))	2	2
10	Deduction for expenditure on eligible projects or schemes for the social and economic uplift of the public (section 35AC)	33	36
11	Deduction on account of donations to charitable trusts and institutions (section 80G)	38	43
12	Deduction on account of donations for scientific research or rural development (section 80GGA)	Nil	Nil
13	Deduction on account of contributions to political parties (section 80GGC)	2	2
14	Deduction of profits of certain industrial undertakings or a ship or a hotel business (section 80-I)	Nil	Nil
15	Deduction of profits of undertakings engaged in development of infrastructure facilities (section 80-IA)	24	26
16	Deduction of profits of undertakings engaged in development of SEZs and Industrial Parks (section 80-IA)	56	64

<sup>5</sup> Effective tax rate in case of firms/AOPs/BOIs is the ratio of total taxes paid [including education cess] to the total profits before taxes [PBT] and expressed as a percentage.



Sl. No.	Nature of incentive	Revenue Foregone (in ₹ Crore) [2009-10]	Projected Revenue Foregone (in ₹ Crore) [2010-11]
17	Deduction of profits of undertakings engaged in providing telecommunication services (section 80-IA)	1	1
18	Deduction of profits of undertakings engaged in generation, transmission and distribution of power (section 80-IA)	27	31
19	Deduction of profits of undertaking engaged in revival of power plant (section 80-IA)	3	3
20	Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)	2	2
21	Deduction of profits of industrial undertakings operating in the small-scale sector (section 80-IB)	80	90
22	Deduction of profits of industrial undertakings located in Jammu & Kashmir (section 80-IB)	84	94
23	Deduction of profits of industrial undertakings located in industrially backward States other than Jammu & Kashmir (section 80-IB)	27	31
24	Deduction of profits of industrial undertakings located in backward districts (section 80-IB)	10	11
25	Deduction of profits of industrial undertakings derived from multiplex theatre and convention centre (section 80-IB)	1	1
26	Deduction of profits of industrial undertakings derived from development of scientific research (section 80-IB)	Nil	Nil
27	Deduction of profits of industrial undertakings derived from production of mineral oil (section 80-IB)	Nil	Nil
28	Deduction of profits of industrial undertakings derived from housing projects (section 80-IB)	1625	1824
29	Deduction of profits of industrial undertakings derived from operating a cold chain facility (section 80-IB)	3	3
30	Deduction of profits of industrial undertakings derived from integrated business of handling, storage and transportation of food grains (section 80-IB)	2	2
31	Deduction of profits of industrial undertakings derived from processing, preservation and packaging of fruits and vegetables (section 80-IB)	6	7
32	Deduction of profits of industrial undertakings derived from hospital in rural area (section 80-IB)	Nil	Nil
33	Deduction of profits of undertakings set-up in North Eastern States (section 80-IC)	280	315
34	Deduction of profits of undertakings set-up in Sikkim (section 80-IC)	295	332
35	Deduction of profits of undertakings set-up in Uttaranchal (section 80-IC)	252	283
36	Deduction of profits of undertakings set-up in Himachal Pradesh (section 80-IC)	377	424
37	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	4	4
38	Deduction in respect of certain incomes of Offshore Banking Units [OBUs] and International Financial Services Centre [IFSC] (section 80LA)	Nil	Nil
39	Deduction of profits of cooperative societies (section 80P)	447	502
<b>TOTAL</b>		<b>4845</b>	<b>5436</b>

### C. Individual Taxpayers

Chapter VI-A of the Income-tax Act primarily provides for deduction on certain payments; and deduction on certain incomes. Individual taxpayers are eligible to claim these deductions and have a wide range of tax preferences available to them. However, since 50 per cent of the individual taxpayers derive their income primarily from salaries, the profit-linked deductions [i.e. deduction on certain business incomes] are not claimed by them. On the other hand, the group of non-salaried individuals claims both types of deductions.

The estimates of revenue foregone on account of the various tax benefits granted to individual taxpayers is presented in Table 7. The revenue foregone under various sections of chapter VI-A of the Income-tax Act has been estimated on the basis of various claims for tax preferences in the 35,30,741 returns filed electronically by individuals with the Income-tax Department till 31<sup>st</sup> December, 2010. Apart from chapter VI-A, the other major tax expenditure on individual taxpayers in the financial year 2009-10 was on account of the higher basic exemption limits for senior citizens (individuals aged 65 years or more) and women (other than senior citizens).

Based on the figures of the sample of 35,30,741 returns of income, the revenue foregone for the entire population of tax payers have been estimated as under:-

- (i) The revenue foregone on account of higher basic exemption limits, as aforesaid (Sl. No. 21 and 22 of table 7), has been calculated by multiplying the revenue foregone per senior citizen and per woman with their respective number. Their respective numbers have been estimated by calculating the percentage of sample returns filed by them. Thereafter, this percentage has been applied to the total number of returns filed by individuals for financial year 2009-10. The total sample returns filed electronically with the Income-tax Department till 31<sup>st</sup> December, 2010 are 35, 30,741. The total number of returns filed by individuals for financial year 2009-10 is estimated to be 2,93,46,795 by assuming a growth rate of 5% over the estimate of the previous year which was 2,79,49,329. According to the sample returns, 5.69 per cent were filed by senior citizens and 26.56 per cent of the balance returns were filed by women (other than senior citizens). Further, the revenue foregone on account of a senior citizen and woman [who is not a senior citizen] has been calculated by taking into account the difference between the higher basic exemption limits [₹2,40,000 and ₹1,90,000 respectively] as compared to the general exemption limit of ₹1,60,000 and applying the lowest tax rate of 10% (plus cess) on the difference. Thereafter, the revenue foregone on account of each such taxpayer has been projected on the total estimate of the number of such tax payer.
- (ii) Specifically, in the case of deduction under section 80-IA, 80-IAB, 80-IB and 80-IC (Sr. No. 12 to15 of table 7) the revenue foregone has been calculated on the assumption that the actual figure reflect 90% of the total claims made by individuals under these sections as all tax audited returns for income of F.Y. 2009-10 were subject to compulsory e-filing.
- (iii) In all other cases, the revenue foregone for the entire population of taxpayers is worked out by-
  - (a) First calculating the average revenue foregone per taxpayer for each income slab which has a separate tax rate in the sample returns.
  - (b) Secondly, calculating the ratio of the total tax payer population to the total taxpayer returns in the sample.

The product of (a) and (b) is then multiplied by the total number of taxpayer returns in the sample which belong to the respective income slabs to arrive at the revenue foregone for that income slab for a particular incentive. The sum of the revenue foregone for all the slabs gives the revenue foregone for the entire population on account the particular tax incentive.
- (iv) Based on the revenue foregone figures for financial year 2009-10, the revenue foregone during the financial year 2010-11 has been estimated. This estimation has been done by calculating the ratio of revenue foregone on each tax incentive in 2009-10 to the actual income tax collected in the year from individual taxpayers [₹1,17,050 crore] and then applying the same ratio to the estimate of income tax collections from individuals in 2010-11 [₹1,31,357 crore].

As detailed above, table 7 depicts the major tax expenditures on individual taxpayers in terms of revenue foregone during financial years 2009-10 and 2010-11.

**Table 7: Major tax expenditure on individual taxpayers during the financial years 2009-10 and 2010-11 [sample size – 3530741]**

Sl. No.	Nature of incentive/deduction	Revenue Foregone (in ₹ Crore) [2009-10]	Projected Revenue Foregone (in ₹ Crore) [2010-11]
1	Deduction on account of certain investments and payments (section 80C)	33348	37424
2	Deduction on account of contribution to certain pension funds (section 80CCC)	227	255
3	Deduction on account of contribution to the New Pension Scheme (section 80CCD)	28	31



Sl. No.	Nature of incentive/deduction	Revenue Foregone (in ₹ Crore) [2009-10]	Projected Revenue Foregone (in ₹ Crore) [2010-11]
4	Deduction on account of health insurance premium (section 80D)	1080	1212
5	Deduction on account of expenditure for medical treatment of a dependent who is disabled (section 80DD)	107	120
6	Deduction on account of expenditure for medical treatment of specified diseases (section 80DDB)	43	48
7	Deduction on account of interest on loan taken for higher education (section 80E)	191	214
8	Deduction on account of donations to charitable trusts and institutions (section 80G)	761	854
9	Deduction on account of rent paid for housing accommodation (section 80GG)	74	83
10	Deduction on account of donations for scientific research or rural development (section 80GGA)	53	59
11	Deduction on account of contributions given to political parties (section 80GGC)	170	191
12	Deduction of profits of undertakings engaged in development of infrastructure facilities, SEZs and Industrial Parks, generation of power, and providing telecommunication services (section 80-IA)	210	236
13	Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)	215	241
14	Deduction of profits of industrial undertakings derived from housing projects, production of mineral oil, development of scientific research, integrated business of handling, storage and transportation of food grains and of industrial undertakings located in Jammu & Kashmir and in other backward areas (section 80-IB)	1	1
15	Deduction of profits of undertakings set-up in North Eastern States, Sikkim, Uttaranchal and Himachal Pradesh (section 80-IC)	5	56
16	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	Nil	Nil
17	Deduction of professional income of authors of text books in Indian languages (section 80QQA)	Nil	Nil
18	Deduction of royalty income of authors of certain books other than text books (section 80QQB)	17	19
19	Deduction of royalty income on patents (section 80RRB)	1	1
20	Deduction in case of a person with disability (section 80U)	118	132
21	Higher exemption limit for senior citizens	1376	1544
22	Higher exemption limit for women	2272	2550
<b>TOTAL</b>		<b>40297</b>	<b>45222</b>

The tax expenditure on account of investments in various savings instruments, repayment of principal of housing loan and payment of tuition fees for children [all these come under section 80C of the Income-tax Act] is the single largest tax expenditure in case of individual taxpayers followed by deduction on account of health insurance premium (section 80D). The revenue foregone on account of higher basic exemption limits for senior citizens and women are also significant. As regards profit-linked deductions, the highest tax expenditures are on account of section 80-IA and section 80-IAB of the Income-tax Act, 1961.

## Indirect Taxes

### A. Excise duties

Excise duty is levied as per the rates specified in the First and Second Schedules to the Central Excise Tariff Act, 1985. In many cases, the various Finance Acts specify the rates at which these duties should be levied. The rates specified in various enactments are known as the “**tariff rates**” of excise duty. Central Government has been granted powers under Section 5A(1) of the Central Excise Act, 1944 to issue exemption notifications in public interest so as to prescribe duty rates lower than the tariff rates prescribed in the Schedules. The rates prescribed by exemption notifications are known as the “**effective rates**”.

The revenue foregone is defined to be the difference between duty that would have been payable but for the issue of the exemption notification and the actual duty paid in terms of the relevant notification –

- In cases where the tariff and effective rates of duty are levied in ad valorem rates, - **Revenue foregone= Value of goods X (Tariff rate of duty - Effective rate of duty)**
- In cases where the tariff rate is on ad valorem basis but the effective duty is levied at specific rates under the terms of exemption notification, then, - **Revenue foregone= (Value of goods X Tariff rate of duty) - (Quantity of goods X Effective rate of specific duty)**
- In cases where the tariff rates and effective rates are a combination of ad valorem and specific rates, revenue foregone is calculated accordingly
- In all the above cases, if the tariff rate of duty equals the effective rate, revenue foregone will be zero.

Besides the powers to issue general exemption notifications under Section 5A(1) *ibid*, the Central Government also has the powers to issue special orders for granting excise duty exemption on case to case basis under circumstances of an exceptional nature, vide Section 5A(2) of the Central Excise Act. However, unlike general exemptions which form part and parcel of fiscal policy of the Central Government, the main object behind issue of exemption orders is to deal with circumstances of exceptional nature. As such, the duty foregone on account of issue of special exemption orders is not being calculated towards revenue foregone figures.

A beginning was made in the 2006-07 budget to estimate the duty foregone for the previous two financial years i.e. 2004-05 and 2005-06. The estimates were based on data gathered from periodic returns filed by the duty paying units as well as from data base maintained in software system 'SERMON' which captures data on the basis of entries made by field formations in 23 different zones of Central Excise and 4 Large Taxpayer Units [LTUs]. However, in absence of comprehensive computerization, it was found difficult to estimate the revenue foregone with a greater degree of accuracy. With increased levels of computerization and wider and improved data capture by SERMON, the revenue foregone figures for subsequent years have been determined with a greater degree of accuracy, compared to previous year. As the revenue foregone figures captured by SERMON do not include the amount of duty foregone due to the operation of area based exemptions scheme, the said information/data is collected separately from the jurisdictional Central Excise zones and is added to obtain the total revenue foregone.

The revenue foregone estimate for the financial year 2009-10 has been calculated using the extrapolation method based on data for part of the year i.e. April-December, 2009. Accordingly, the revenue foregone for the financial year 2009-10 was estimated at ₹1,70,765 crore [₹1,64,883 crore + ₹5,882 crore (towards area based exemption)].

The revised figure of duty foregone for 2009-10 is again based on SERMON data, coupled with data from directorate of data management. The duty foregone due to the operation of area based exemptions scheme has been obtained separately from the concerned Central Excise zones and added. Accordingly, the revised revenue foregone for the financial year 2009-10 comes to ₹1,69,121 crore as against the estimates of ₹1,70,765 crore. Marginal decrease in the revised figure is due to decrease in the differential between the tariff rate and effective rate from 8% to 6% in the month of March 2010.

The revenue foregone estimate for the current financial year i.e. 2010-11 has also been calculated using the extrapolation method based on data for part of the year i.e. April-November, 2010 using the base data from ACES system.

Accordingly, the revenue foregone for the financial year 2010-11 is estimated at ₹1,98,291 crore including ₹11,250 crore towards area based exemption. The estimates of ₹1,98,291 crore show an increase of about 17% over last year's corresponding revised figure of ₹1,69,121 crore. This is explained by the fact of overall increase in the quantum of clearances, partly countered by the decrease in the differential between the tariff rate and effective rate from 8% to 6% during 2010-11.

As for area-based exemptions, there are two types of schemes currently in operation - [i] based on refunds and [ii] outright exemption as in the case of Himachal Pradesh and Uttarakhand. In the case of refund-based exemptions, the revenue foregone is computed by aggregating the refunds actually sanctioned to the individual units or claimed by them during the year. With a marginal increase in the standard rate of Central Excise duty to 10% during the year 2010-11, it is evident that the quantum of refunds would increase. The revenue foregone figures are given in Table 8 below.

**Table 8 : Tax expenditure under Excise duty regime**

Sl. No.	Details of Exemption	Revenue foregone (in ₹crore)		
		2009-10		2010-11
		Estimates	Revised (provisional)	Estimates
1	Area based exemptions applicable in the North Eastern states, Uttaranchal, Himachal Pradesh, Jammu & Kashmir and Kutch district of Gujarat	5882	8553	11250
2	Others	164883	160568	187041
	<b>Total</b>	<b>170765</b>	<b>169121</b>	<b>198291</b>

## B. Customs duties

Customs duty is levied under Customs Act, 1962 as per the rates specified in the First Schedule to the Customs Tariff Act, 1975 known as “tariff rates”. The Customs Tariff Act, 1975 also provides for levy of additional duty of customs (commonly referred to as countervailing duty or CV duty), which is levied at a rate equal to the duties of excise leviable on such goods if they were manufactured in India. Duties of excise are levied under the Central Excise Act as per the rates specified in the Schedule to the Central Excise Tariff Act, 1985 and various Finance Acts. The Central Government has been delegated powers under Section 25(1) of the Customs Act, 1962 to issue notification in public interest so as to prescribe duty rates lower than the tariff rates prescribed in the Schedule to the Customs Tariff Act. These rates prescribed by notification are known as the “effective rates”.

The revenue foregone is thus defined to be the difference between duty that would have been payable but for the issue of the exemption notification and the actual duty paid in terms of the relevant notification. In other words,

**Revenue foregone= Value X (Tariff rate of duty – Effective rate of duty)**

**Thus, if the tariff rate equals the effective rate, revenue foregone is zero.**

The estimate of revenue foregone under various exemption notifications is based on the data generated from the Bills of Entry filed in the Indian Customs Electronic Data Interchange System (ICES) at various Electronic Data Interchange (EDI) locations. However, since the EDI system does not capture data in respect of imports through minor ports that either are outside EDI coverage or are effecting manual filing of Bills of entry, the EDI data available with us does not provide a complete picture of the customs revenue foregone.

The revenue foregone data takes into account the exemptions from basic customs duty, CV duty and also exemption notifications issued under Central Excise Act, 1944 which are relevant for levy of CV duty. It also takes into account exemptions from special CVD of 4%.

For the year 2009-10, gross customs revenue captured by EDI data was ₹66259 crore as against actual gross customs revenue collection of ₹85847 crore. Thus, the EDI data is capturing nearly 77% of the actual reported gross customs revenue collection for the year 2009-10. While EDI data for the year 2008-09 captured 83% of the actual gross customs revenue collection, the corresponding figure for the year 2007-08 was 82%. In effect, the revenue foregone figures are estimated from a fairly large sample.

In order to work out the provisional revenue foregone for the year 2009-10, EDI data has been blown up or inflated after appropriate adjustments, wherever required. Since EDI data does not adequately capture revenue on account of edible oils, beverage, minerals & ores, petroleum products/crude petroleum which are normally imported as bulk cargo through customs locations that are not on EDI (say minor ports); data on actual revenue realized from these items was collected separately. The total revenue realized as per the EDI data for the year 2009-10 is ₹66259 crore, however once the actual revenue realized from these commodities was added to the available EDI data for the year 2009-10, the coverage increased to ₹77335 crore or, nearly 90% of the total revenue.

After suitable adjustments have been made to achieve full coverage, duty foregone for the year 2009-10 (provisional) on account of all the exemption notifications is **₹233950 crore**.

In order to work out the estimated revenue foregone for the year 2010-11 (estimated), the same methodology was adopted and **the revenue figures for the period April 2010-September 2010 were extrapolated for 12 months to yield a figure of ₹228500 crore**, revealing a decrease in revenue foregone by 2% over the previous year.

The revenue foregone has moderately decreased compared to that registered in 2009-10 (2% less than the previous year) because in 2009-10 there was nil customs duty on Crude petroleum, thus during that period duty foregone was more, however w.e.f 27.02.2010 customs duty @ 5% has been imposed on the same, resulting in less duty foregone on account of Crude petroleum. A commensurate increase in the effective rates applicable to refined petroleum products also contributed to this. Further, there was no reduction in the effective rates of customs duty in many other revenue significant items such as edible oils and steel etc so that the revenue foregone on these items did not show an appreciable change. An increase of 2% in CVD, enhanced the CVD collection and it also led to increase in collection of Special CVD which led to a consequential decrease in the total revenue foregone.

The customs duty foregone for the period 2009-10 and 2010-11 on account of major commodity groups and their share in overall duty foregone is given in Table 9 as under:

**Table 9: Contribution of major commodity groups contributing to revenue foregone**

(in ₹ crore)

Sector	2009-10 (Provisional)		2010-11 (Estimated)	
	Revenue foregone	% Share in total revenue foregone	Revenue foregone	% Share in total revenue foregone
Crude oil and mineral oils	46127	19.72	40893	17.90
Machinery	30514	13.04	23209	10.16
Diamond and gold	42440	18.14	48798	21.36

(in ₹ crore)

Sector	2009-10 (Provisional)		2010-11 (Estimated)	
	Revenue foregone	% Share in total revenue foregone	Revenue foregone	% Share in total revenue foregone
Edible vegetable, fruits, cereals, vegetable oils	33221	14.20	29069	12.72
Primary metals and articles thereof	13883	5.93	11588	5.07
Chemicals and plastics	16622	7.10	17002	7.44
Textile	9480	4.05	11943	5.23
Fertilizer	6705	2.87	6622	2.90
Salt and ores	6674	2.85	7518	3.29
Drugs	2284	0.98	3027	1.32
<b>Total</b>	<b>207949</b>	<b>88.89</b>	<b>199669</b>	<b>87.38</b>

The revenue foregone data for each of the chapters of Customs Tariff Act is given in Table 10 as under:

**Table 10: Estimates of major tax expenditure under the Customs duty regime**

(₹ in Crore)

Chapter	Brief Description of Goods	2009-10 (Provisional)	2010-11 (Estimated)
1	Live animals	2	2
2	Meat and edible meat offal	6	4
3	Fish and crustaceans, other aquatic invertebrates	39	22
4	Dairy Products	159	615
5	Other products of animal origin	32	54
6	Live trees and other plants	5	7
7	Edible vegetables, certain roots and tubers	5281	4108
8	Edible fruit and nuts	2096	2201
9	Coffee, tea, mate and spices	873	746
10	Cereals	341	691
11	Products of the milling industry	58	40
12	Oilseeds, grains, seeds, fruits	330	270
13	Lac, gums and resins	192	222
14	Vegetable plaiting materials	1	2
15	Animal of vegetable fats	25503	22069
16	Preparations of meat or fish	17	13
17	Sugar	339	4346
18	Cocoa	101	171
19	Preparations of cereals	41	44
20	Preparation of vegetables	33	54
21	Miscellaneous edible preparations	330	655
22	Beverages and spirits	580	253

(₹in Crore)

Chapter	Brief Description of Goods	2009-10 (Provisional)	2010-11 (Estimated)
23	Residues and waste from food industry	253	268
24	Tobacco	10	37
25	Salt, sulphur earths and stone	597	608
26	Ores	6077	6910
27	Mineral fuels and mineral oils	46127	40893
28	Inorganic chemicals	3374	3385
29	Organic chemicals	8797	10123
30	Pharmaceutical products	2284	3027
31	Fertilizers	6705	6622
32	Tanning and dyeing extracts, pigments	671	431
33	Essential oils	371	320
34	Soap and washing preparations	196	135
35	Albuminoidal substances	161	176
36	Explosives, matches	20	6
37	Photography goods	139	95
38	Miscellaneous chemical products	2062	1607
39	Plastics	4451	3494
40	Rubber	1602	1826
41	Hide and skins and leather	308	422
42	Articles of leather	51	50
43	Fur skins	2	7
44	Wood	1186	1114
45	Cork	2	1
46	Manufactures of straw	0	0
47	Wood Pulp	400	715
48	Paper	1420	1920
49	Printed books, newspapers	395	514
50	Silk	589	537
51	Wool	309	413
52	Cotton	949	2014
53	Other vegetable fibres	58	76
54	Manmade filaments	5031	5474
55	Man made staple fibres	567	573
56	Wadding and non wovens	43	57
57	Carpets	25	39
58	Special woven fabrics	895	1192
59	Coated textile fabrics	689	912
60	Knitted fabrics	193	425

(₹in Crore)

Chapter	Brief Description of Goods	2009-10 (Provisional)	2010-11 (Estimated)
61	Knitted readymade garments	30	61
62	Woven garments	46	100
63	Made ups	57	70
64	Footwear	159	285
65	Head gear	4	3
66	Umbrellas	14	13
67	Feathers/artificial flowers	10	17
68	Articles of stone, plaster	159	118
69	Ceramic Products	322	266
70	Glass and glass ware	255	161
71	Precious stones, jewellery	42440	48798
72	Iron and steel	8178	7616
73	Articles of iron and steel	2378	1447
74	Copper and articles thereof	650	418
75	Nickel and articles thereof	224	186
76	Aluminum and articles thereof	1091	797
78	Lead and articles thereof	348	216
79	Zinc and articles thereof	235	98
80	Tin and articles thereof	71	49
81	Other base metals	174	89
82	Tools and implements	333	501
83	Miscellaneous articles of base metals	201	172
84	Machinery	17136	13070
85	Electrical machinery	13377	10140
86	Railways or tramways locomotives, rolling stocks etc.	531	100
87	Motor vehicles	3475	2932
88	Aircrafts	2271	1859
89	Ships, boats and floating structures	1875	1192
90	Optical/photographic instruments	2878	2805
91	Clocks and watches	67	50
92	Musical instruments	6	4
93	Arms and ammunitions	290	328
94	Furniture	286	417
95	Toys and games	148	346
96	Miscellaneous manufactured articles	191	205
97	Work of art, antiques	32	30
98	Project imports, baggage	643	535
	<b>Total</b>	<b>233950</b>	<b>228500</b>



These figures include revenue foregone from the working of various export promotion schemes other than from drawback. The break-up of revenue foregone from individual export promotion schemes is given below, separately. Out of these schemes, Duty Free Entitlement Credit Certificate, Target Plus, Vishesh Krishi and Gram Udyog Yojana (VKGUY), Served from India and Focus Market are incentive schemes. The remaining are either exemption schemes or input tax neutralization schemes, which primarily accord input tax credit so as to offer a level playing field to our exporters in the international markets. In this sense, the revenue foregone from the various export promotion schemes (other than drawback) needs to be scaled down by the amount of revenue foregone from the various export promotions schemes falling in the category of incentive schemes. Sr. no. 15 of the Table 11 hereunder tabulates the amount of such revenue foregone.

**Table 11: Revenue Foregone on account of Export Promotion Concessions***(₹ in Crore)*

S. No.	Name of the Scheme	2009-10 (Provisional)	2010-11 (Estimated)
1	Advance Licence Scheme	10089	15704
2	EOU/EHT/STP	8076	9795
3	EPCG	7020	10091
4	DEPB Scheme	8028	8520
5	SEZ	3987	8614
6	DFRC	62	34
7	Duty Free Import Authorisation Scheme	1399	1324
8	Duty Free Entitlement Credit Certificate	234	169
9	Target plus schemes	267	285
10	Vishesh Krishi and Gram Udyog Yojana	2869	1825
11	Served from India Scheme	515	500
12	Focus Market/Product Sheme	829	1729
13	<b>TOTAL</b>	<b>43375</b>	<b>58590</b>
14	Less revenue foregone on incentive schemes maintained at S.Nos. 8 to 12	<b>4713</b>	<b>4508</b>
15	Revenue Foregone on account of input tax neutralisation or exemption schemes to be reduced from gross revenue foregone on account of customs duty	<b>38662</b>	<b>54082</b>

These aforesaid estimates of revenue foregone do not include revenue foregone on account of ad hoc exemption orders issued under Section 25(2) of the Customs Act, 1962, that relate to circumstances of an exceptional nature.

The revenue foregone figures for financial years 2009-10 and 2010-11, in respect of both direct and indirect taxes, is presented in Table 12.

**Table 12: Revenue Foregone in financial years 2009-10 and 2010-11***(in ₹ Crore)*

	Revenue Foregone in 2009-10	Actual tax collection in 2009-10	Revenue Foregone in 2010-11	Estimated tax collection in 2010-11
Corporate Income-tax	72881	244725	88263	296377
Personal Income-tax	45142	132832	50658	149066
Excise Duty	169121	102858	198291	133300
Customs duty	195288*	85847	174418*	131800

\* Custom duty foregone less export credit related (Sl. No. 15 of table 11)

**APPENDIX**

**Effective tax rate, inclusive of surcharge and education cess, of sample companies across industry  
(financial year 2009-10) [sample size – 427053]**

<b>Sl. No</b>	<b>Sector</b>	<b>Industry</b>	<b>Number of Companies</b>	<b>Profit before tax (in ₹ crore)</b>	<b>Total tax payable (in ₹ crore)</b>	<b>Effective tax rate (in %)</b>
1	Manufacturing	Agro-based Industries	10099	6821	1528	22.4
2	Manufacturing	Automobile and Auto parts	3988	29887	7508	25.1
3	Manufacturing	Cement	658	8880	1818	20.5
4	Manufacturing	Diamond Cutting	434	957	195	20.4
5	Manufacturing	Drugs and Pharmaceuticals	4902	24666	4852	19.7
6	Manufacturing	Electronics, including Computer Hardware	2468	6444	1639	25.4
7	Manufacturing	Engineering goods	9127	27161	7495	27.6
8	Manufacturing	Fertilizers, Chemicals and Paints	3640	13851	3636	26.2
9	Manufacturing	Flour and Rice Mills	1256	527	146	17.7
10	Manufacturing	Food Processing Units	2373	4141	1134	27.4
11	Manufacturing	Marble and Granite	1806	805	208	25.8
12	Manufacturing	Paper	1387	7550	2324	30.8
13	Manufacturing	Petroleum and Petrochemicals	674	81588	18876	23.1
14	Manufacturing	Power and Energy	3294	46060	8071	18.4
15	Manufacturing	Printing and Publishing	2412	4874	1488	30.5
16	Manufacturing	Rubber	889	712	171	24.0
17	Manufacturing	Steel	4638	24407	6378	26.1
18	Manufacturing	Sugar	250	1328	225	17.0
19	Manufacturing	Tea and Coffee	908	2169	294	13.5
20	Manufacturing	Textiles, Handlooms and Powerlooms	9017	15680	1841	11.7
21	Manufacturing	Tobacco	311	613	172	28.0
22	Manufacturing	Tyre	159	2947	781	26.5
23	Manufacturing	Vanaspati and Edible Oils	629	956	212	22.2
24	Manufacturing	Others	50047	112120	28084	25.0
25	Trading	Chain Stores	728	484	130	26.8
26	Trading	Retailers	9697	2778	793	28.5
27	Trading	Wholesalers	16959	6040	1683	27.9
28	Trading	Others	62328	24134	6302	26.1
29	Commission Agents	General Commission Agents	3838	1041	320	30.7
30	Builders	Builders	12785	4975	1093	22.0
31	Builders	Estate Agents	2583	497	101	20.3
32	Builders	Property Developers	21597	16710	3153	18.9
33	Builders	Others	15677	3808	789	20.7
34	Contractors	Civil Contractors	7657	14816	3703	25.0
35	Contractors	Excise Contractors	20	7	2	32.9
36	Contractors	Forest Contractors	6	0	0	30.5

Sl. No	Sector	Industry	Number of Companies	Profit before tax (in ₹ crore)	Total tax payable (in ₹ crore)	Effective tax rate (in %)
37	Contractors	Mining Contractors	620	1895	529	27.9
38	Contractors	Others	7547	14335	3608	25.2
39	Professionals	Chartered Accountants, Auditors, etc.	62	3	1	29.1
40	Professionals	Fashion Designers	89	29	7	23.0
41	Professionals	Legal Professionals	211	20	6	31.4
42	Professionals	Medical professionals	1105	229	65	28.6
43	Professionals	Nursing Homes	905	127	35	27.1
44	Professionals	Specialty Hospitals	826	695	180	25.9
45	Professionals	Others	4947	1776	579	32.6
46	Service	Advertisement Agencies	2317	1049	321	30.6
47	Service	Beauty Parlours	172	14	4	29.1
48	Service	Consultancy Services	12113	6290	1552	24.7
49	Service	Courier Agencies	411	450	160	35.6
50	Service	Computer Training, Educational and Coaching Institutes	2377	1189	438	36.8
51	Service	Forex Dealers	594	170	53	31.2
52	Service	Hospitality Services	1973	1308	355	27.1
53	Service	Hotels	5766	2109	597	28.3
54	Service	IT Enabled Services, BPO Service Providers	7821	24680	3732	15.1
55	Service	Security Agencies	1133	332	116	35.1
56	Service	Software Development Agencies	9392	23025	4149	18.0
57	Service	Transporters	3437	4939	1012	20.5
58	Service	Travel Agents and Tour Operators	3064	585	171	29.2
59	Service	Others	45336	53959	12512	23.2
60	Financial Service	Banking Companies	297	82780	24045	29.0
61	Financial Service	Chit Funds	2155	279	89	32.0
62	Financial Service	Financial Institutions	302	12029	3076	25.6
63	Financial Service	Financial Service Providers	2876	4532	1271	28.1
64	Financial Service	Leasing Companies	614	971	173	17.8
65	Financial Service	Money Lenders	441	113	32.5	28.8
66	Financial Service	Non-Banking Financial Companies	8147	23197	5899	25.4
67	Financial Service	Share Brokers, Sub-brokers, etc.	3835	5668	1733	30.6
68	Financial Service	Others	19836	40622	7448	18.3
69	Entertainment Industry	Cable T.V Productions	292	181	60	33.5
70	Entertainment Industry	Film Distribution	318	73	23	31.3
71	Entertainment Industry	Film Laboratories	27	40	5	11.9
72	Entertainment Industry	Motion Picture Producers	455	165	37	22.2
73	Entertainment Industry	Television Channels	292	2133	468	21.9
74	Entertainment Industry	Others	4707	9508	1322	18.1
<b>Total</b>			<b>427053</b>	<b>821943</b>	<b>193808</b>	<b>23.6</b>