

## Revenue forgone under the Central Tax System: Financial Years 2010-11 and 2011-12

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 taxpayers. 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 forgone 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 Forgone”. Thereafter, it was again placed before Parliament during Budget 2008-09, 2009-10, 2010-11 and 2011-12.

Like in the earlier six 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 forgone on account of such tax incentives has been estimated in respect of most items of tax preferences. The estimates are for financial year 2010-11, the most recent year for which data is available. However, an attempt has also been made to project the revenue forgone for income of the financial year 2011-12 on the basis of the revenue forgone figures of the financial year 2010-11 projected on the provisional tax growth figures for 2011-12.

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 forgone calculated by adding up the estimates and projections for each provision.

The assumptions and methodology adopted to estimate the revenue forgone 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 taxpayers. 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 4,59,270 corporate returns electronically up to 31<sup>st</sup> December, 2011 for the financial year 2010-11 [i.e., assessment year 2011-12]. These returns constitute about 90% of the total corporate returns expected in financial year 2011-12. These companies reported corporate tax payable as ₹ 2,28,158 crore [inclusive of surcharge and education cess] for their income of financial year 2010-11. They also reported ₹ 15,928 crore as Dividend Distribution Tax payable during the financial year 2010-11.

For the purposes of estimating the tax expenditure, data pertaining to these 4,59,270 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:-

- 2,66,347 companies (57.99 %) reported ₹ 9,46,731 crore as profits before taxes as per their books and a total taxable income (“total income”)<sup>2</sup> of ₹ 6,23,572 crore for the financial year 2010-11.

<sup>1</sup> The sample size for financial year 2009-10 was 4,27,811.

- 1,61,596 companies ( 35.19 %) reported ` 2,03,564 crore as losses.
- 31,327 companies ( 6.82 %) reported Nil profit.

The **effective tax rate<sup>3</sup> of the entire sample was 24.10 per cent<sup>4</sup>** [as against the rate of 23.53 per cent reported in 2009-10]. The effective tax rate for corporates has been gradually rising (20.55% for 2006-07; 22.44% for 2007-08; 22.78% for 2008-09; 23.53% for 2009-10 and 24.1% for 2010-11). This is a result of the gradual phasing out of profit linked deductions and the levy of Minimum Alternate Tax on companies.

**Table 1: Profile of sample companies across range of profits before taxes  
(financial year 2010-11) [sample size – 4,59,270]**

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	161596	0.00	0.27	0.208	-	-
2	Zero	31327	0.00	4.22	1.86	-	-
3	` 0-1 Crore	237580	2.95	3.47	3.29	80.81	26.77
4	` 1-10 Crore	22627	7.22	7.52	7.82	71.73	26.08
5	` 10-50 Crore	4403	9.92	9.45	10.24	65.71	24.87
6	` 50-100 Crore	735	5.43	4.99	5.45	63.45	24.21
7	` 100-500 Crore	763	16.55	15.73	16.86	65.52	24.55
8	Greater than ` 500 Crore	239	57.92	54.36	54.28	64.72	22.59
9	All Sample Companies	459270	100.00	100.00	100.00	68.96	24.10

Table 2 profiles the sample companies across effective tax rates. 2,46,213 companies with average effective tax rate of less than zero, zero and zero to 20 per cent accounted for 41.85 per cent of total profits before taxes, 20.31 per cent of total taxable income and 25.74 per cent of total taxes paid. 42,087 companies accounting for 11.45 per cent of total profits and 18.80 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 2010-11 [sample size – 459270 ]**

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	176808	2.25	0.34	0.21
2	0-20	69405	39.60	19.97	25.53
3	20-25	16868	12.75	11.73	11.62
4	25-30	25652	16.73	20.00	18.97
5	30-33.21	97123	17.22	24.48	23.02
6	>33.21	42087	11.45	19.27	18.80
7	Indeterminate	31327	0	4.22	1.86
8	All Sample Companies	459270	100.00	100.00	100.00

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

Table 3 compares the effective tax rate of public sector companies [PSUs] with that of private sector companies. In a reversal from previous years, the effective tax rate for private sector companies is slightly higher than that for public sector companies.

2 The term "total income", in income-tax returns, represents taxable income i.e. the income as per books of accounts as adjusted by the allowances and disallowances mandated under the Income-tax Act.

3 Effective tax rate in case of companies is the ratio of total taxes payable [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 : Effective tax rate\* of sample companies in the public and private sectors  
(financial year 2010-11) [sample size –459270 ]**

Sl. No.	Sector	Number of Companies	Share in total profits (in %) payable (in %)	Share in total tax (in %)	Effective tax rate
1	Public	2113	21.95	20.30	22.28
2	Private	457157	78.05	79.70	24.61
	<b>Total</b>	<b>459270</b>	<b>100.00</b>	<b>100.00</b>	<b>24.10</b>

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

Table 4 shows a comparison between the effective tax rate of the manufacturing sector and the service sector in respect of the sample companies. Both the sectors have an effective tax rate that is below the statutory rate of 33.21 per cent.

**Table 4 : Effective tax rate\* of sample companies in the manufacturing and service sectors  
(financial year 2010-11) [sample size – 458696]**

Sl. No.	Sector	Number of Companies	Share in total profits (in %)	Share in total tax payable (in %)	Effective tax rate (in %)
1	Manufacturing	121276	48.43	49.92	24.83
2	Service	337420	51.57	50.08	23.40
	<b>Total</b>	<b>458696</b>	<b>100.00</b>	<b>100.00</b>	<b>24.10</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 classification marked.

Table 5 gives details of the major tax expenditures on corporate tax payers in terms of the revenue forgone during the financial year 2010-11 and 2011-12. The tax forgone on each tax concession claimed by these companies has been calculated by applying the corporate tax rate of 33.21 per cent on the amount of each deduction. For revenue forgone on account of 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 deduction debited to the profit and loss account by companies and the deduction allowable under the Income-tax Act. Thereafter, the corporate tax rate of 33.21 per cent has been applied to this difference to arrive at the revenue forgone figure.

Another aspect of revenue forgone is tax deferral. Tax deferral occurs when the taxpayer, on account of being allowed higher deductions under the tax statute is able to defer his tax liability by claiming an allowance (e.g. depreciation allowance) as a deduction over shorter time period whereas he may be spreading the same depreciation claim over a number of years in his own accounts. As depreciation does not entail cash outgo, this is a tax deferral. On the other hand, the Minimum Alternate Tax (MAT) on companies under the tax statute fastens a liability (for 2010-11, at the rate of 20% on book profits), on the profit reported by the company to its shareholders (subject to some adjustments), if this liability is in excess of the tax liability computed at normal rates (for 2010-11, at the rate of 33.21% on taxable income). The excess liability on account of MAT is allowed as a credit (for upto 10 years) in a subsequent year in which the normal tax liability is in excess of MAT. The additional tax paid on account of MAT is therefore an advance payment of future tax liability. It restricts the period of deferral of taxes on account of claims of depreciation and moderates the tax forgone on other deductions such as profit linked deductions by spreading the same claim over a longer period of time.

Based on the revenue forgone figures for financial year 2010-11, the revenue forgone for the financial year 2011-12 has been projected. The projection for 2011-12 has been made by multiplying the revenue forgone on each tax incentive in 2010-11 by the projected growth of corporate tax collections in 2011-12. Table 5, therefore, depicts the major tax expenditures on corporate taxpayers in terms of tax forgone during the financial year 2010-11 and projection for financial year 2011-12.

**Table 5 : Major tax expenditure on corporate tax payers during financial years 2010-11 and 2011-12 [sample size - 459270 ]**

Sl. No.	Nature of incentive	Revenue Foregone (in ` Crore) [2010-11]	Projected Revenue Foregone (in ` Crore) [2011-12]
1	Deduction of export profits of STPI units (section 10A)	7839	NIL*
2	Deduction of export profits of EHTP units (section 10A)	100	NIL*
3	Deduction of export profits of units located in SEZs (section 10A and 10AA)	7432	8153
4	Deduction of export profits of units located in EPZs (section 10A)	50	NIL*
5	Deduction of export profits of units located in FTZs (section 10A)	51	NIL*
6	Deduction of export profits of Export Oriented Units [EOUs] (section 10B)	3114	NIL*
7	Accelerated Depreciation (section 32)	33243	36468
8	Deduction/weighted deduction for expenditure on scientific research (section 35 (1), (2AA) &(2AB))	4685	5139
9	Deduction for expenditure on eligible projects or schemes for the social and economic uplift of the public (section 35AC)	103	113
10	Deduction on account of donations to charitable trusts and institutions (section 80G)	669	734
11	Deduction on account of donations for scientific research or rural development (section 80GGA)	1	1
12	Deduction on account of contributions to political parties (section 80GGB)	6	7
13	Deduction of profits of certain industrial undertakings or a ship or a hotel business (section 80-I)	NIL	Nil
14	Deduction of profits of undertakings engaged in development of infrastructure facilities (section 80-IA)	3303	3623
15	Deduction of profits of undertakings engaged in development of SEZs and Industrial Parks (section 80-IA)	345	378
16	Deduction of profits of undertakings engaged in providing telecommunication services (section 80-IA)	2325	2550
17	Deduction of profits of undertakings engaged in generation, transmission and distribution of power (section 80-IA)	7581	8316
18	Deduction of profits of undertaking engaged in revival of power plant (section 80-IA)	270	296
19	Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)	981	1076
20	Deduction of profits of industrial undertakings operating in the small-scale sector (section 80-IB)	98	108
21	Deduction of profits of industrial undertakings located in Jammu & Kashmir (section 80-IB)	209	229
22	Deduction of profits of industrial undertakings located in industrially backward States other than Jammu & Kashmir (section 80-IB)	386	423
23	Deduction of profits of industrial undertakings located in backward districts (section 80-IB)	65	71
24	Deduction of profits of industrial undertakings derived from multiplex theatre and convention centre (section 80-IB)	Nil	Nil
25	Deduction of profits of industrial undertakings derived from development		

Sl. No.	Nature of incentive	Revenue Forgone (in ` Crore) [2010-11]	Projected Revenue Forgone (in ` Crore) [2011-12]
	of scientific research (section 80-IB)	73	80
26	Deduction of profits of industrial undertakings derived from production of mineral oil (section 80-IB)	3626	3978
27	Deduction of profits of industrial undertakings derived from housing projects (section 80-IB)	928	1018
28	Deduction of profits of industrial undertakings derived from operating a cold chain facility (section 80-IB)	3	3
29	Deduction of profits of industrial undertakings derived from integrated business of handling, storage and transportation of food grains (section 80-IB)	28	31
30	Deduction of profits of industrial undertakings derived from processing, preservation and packaging of fruits and vegetables (section 80-IB)	64	70
31	Deduction of profits of industrial undertakings derived from hospital in rural area (section 80-IB)	8	9
32	Deduction of profits of undertakings set-up in North Eastern States (section 80-IC)	1055	1157
33	Deduction of profits of undertakings set-up in Sikkim (section 80-IC)	204	224
34	Deduction of profits of undertakings set-up in Uttaranchal (section 80-IC)	2726	2990
35	Deduction of profits of undertakings set-up in Himachal Pradesh (section 80-IC)	1650	1810
36	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	41	45
37	Deduction in respect of employment of new workmen (section 80JJAA)	48	53
38	Deduction in respect of certain incomes of Offshore Banking Units [OBUs] and International Financial Services Centre [IFSC] (section 80LA)	18	20
39	TOTAL	83328	79173
40	Less: Net additional tax liability on account of MAT		
	Additional tax liability on account of MAT:	29388	
	Less - Credit claimed for MAT payment made in earlier years:	3972	
		25416	27881
41	<b>NET REVENUE FORGONE</b>	<b>57912</b>	<b>51292</b>

\* The deduction has been phased out after 31.3.2011.

Across various sectors and activities, deductions for Software Technology Parks (STPs), Special Economic Zones (SEZs) and the power sector and weighted deduction for expenditure on scientific research account for the major component of the total tax forgone.

Revenue Forgone on export profits of units located in SEZs for financial year 2010-11 was projected at ` 5126 cores in the previous year's statement. However, based on the data now available, the actual revenue forgone during 2010-11 on these units is now estimated at ` 7432 crore. For financial year 2011-12, revenue forgone on account of these units has been estimated at ` 8153 crores. Keeping in mind the increase in revenue forgone in financial year 2010-11, the actual revenue forgone in financial year 2011-12 in respect of units located in SEZs 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 Diamond cutting businesses and Software Development Agencies is at 19.32 per cent and 19.05 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 5,02,141 returns filed electronically upto 31<sup>st</sup> December, 2011 for income of the financial year 2010-11. For the purposes of estimating the tax expenditure, data pertaining to these 5,02,141 firms/AOPs/BOIs was culled out from the database of the Income-tax Department. They account for a substantial part of the tax paid by the universe of firms/AOPs/BOIs in financial year 2010-11.

The data was analysed and the following facts emerged:-

- The sample firms/AOPs/BOIs reported ` 70,880 crore as profits before taxes (losses were reported by about 8.63 per cent of the sample) and declared a total income (taxable income) of ` 57,726 crore for the financial year 2010-11.
- These sample firms/AOPs/BOIs reported ` 17,134 crore as income tax payable [inclusive of education cess] for the financial year 2010-11. The effective tax rate<sup>5</sup> in their case works out to 24.17 per cent.

The tax forgone 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 forgone 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 forgone figure.

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

Based on the revenue forgone figures for financial year 2010-11, the revenue forgone for the financial year 2011-12 has been estimated. The estimation for 2011-12 has been done by multiplying the revenue forgone on each tax incentive in 2010-11 by the projected growth in tax collections from firms/AOPs/BOIs in 2011-12. Table 6 depicts the major tax expenditures on non-corporate taxpayers in terms of revenue forgone during the financial years 2010-11 and 2011-12. The highest tax expenditure, by far, is from claims of deduction of profits of undertakings derived from Housing Projects which accounts for 31.59 % of the total revenue forgone.

**Table 6 : Major tax expenditure on sample firms/AOPs/BOIs during financial years 2010-11 and 2011-12 [sample size – 502141]**

Sl. No.	Nature of incentive	Revenue Forgone (in ` Crore) [2010-11]	Projected Revenue Forgone (in ` Crore) [2011-12]
1	Deduction of export profits of STPI units (section 10A)	119	Nil*
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)	354	412
4	Deduction of export profits of units located in EPZs (section 10A)	7	Nil*
5	Deduction of export profits of units located in FTZs (section 10A)	1	Nil*
6	Deduction of export profits of Export Oriented Units [EOUs] (section 10B)	358	Nil*
8	Accelerated Depreciation (section 32)	569	663
9	Deduction/weighted deduction for expenditure on scientific research (section 35 (1), (2AA) &(2AB))	6	7
10	Deduction for expenditure on eligible projects or schemes for the social and economic uplift of the public (section 35AC)	26	30
11	Deduction on account of donations to charitable trusts and institutions (section 80G)	40	47
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)	1	1
14	Deduction of profits of certain industrial undertakings or a ship or a hotel business (section 80-I)	Nil	Nil

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

Sl. No.	Nature of incentive	Revenue Forgone (in ` Crore) [2010-11]	Projected Revenue Forgone (in ` Crore) [2011-12]
15	Deduction of profits of undertakings engaged in development of infrastructure facilities (section 80-IA)	17	20
16	Deduction of profits of undertakings engaged in development of SEZs and Industrial Parks (section 80-IA)	68	79
17	Deduction of profits of undertakings engaged in providing telecommunication services (section 80-IA)	2	2
18	Deduction of profits of undertakings engaged in generation, transmission and distribution of power (section 80-IA)	69	80
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)	8	9
21	Deduction of profits of industrial undertakings operating in the small-scale sector (section 80-IB)	18	21
22	Deduction of profits of industrial undertakings located in Jammu & Kashmir (section 80-IB)	63	73
23	Deduction of profits of industrial undertakings located in industrially backward States other than Jammu & Kashmir (section 80-IB)	30	35
24	Deduction of profits of industrial undertakings located in backward districts (section 80-IB)	10	12
25	Deduction of profits of industrial undertakings derived from multiplex theatre and convention centre (section 80-IB)	Nil	Nil
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)	1950	2271
29	Deduction of profits of industrial undertakings derived from operating a cold chain facility (section 80-IB)	1	1
30	Deduction of profits of industrial undertakings derived from integrated business of handling, storage and transportation of food grains (section 80-IB)	3	3
31	Deduction of profits of industrial undertakings derived from processing, preservation and packaging of fruits and vegetables (section 80-IB)	13	15
32	Deduction of profits of industrial undertakings derived from hospital in rural area (section 80-IB)	3	3
33	Deduction of profits of undertakings set-up in North Eastern States (section 80-IC)	345	402
34	Deduction of profits of undertakings set-up in Sikkim (section 80-IC)	554	645
35	Deduction of profits of undertakings set-up in Uttaranchal (section 80-IC)	368	429
36	Deduction of profits of undertakings set-up in Himachal Pradesh (section 80-IC)	473	551
37	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	8	9
38	Deduction in respect of certain incomes of Offshore Banking Units [OBUs] and International Financial Services Centre [IFSC] (section 80LA)	1	1
39	Deduction of profits of cooperative societies (section 80P)	685	798
<b>TOTAL</b>		<b>6173</b>	<b>6622</b>

\* The deduction has been phased out after 31.3.2011.

### 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 forgone on account of the various tax benefits granted to individual taxpayers is presented in Table 7. The revenue forgone 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 68,62,807 returns filed electronically by individuals with the Income-tax Department till 31<sup>st</sup> December, 2011. Apart from chapter VI-A, the other major tax expenditure on individual taxpayers in the financial year 2010-11 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 68,62,807 returns of income, the revenue forgone for the entire population of tax payers have been estimated as under:-

- (i) The revenue forgone on account of higher basic exemption limits, as aforesaid (Sl. No. 22 and 23 of table 7), has been calculated by multiplying the revenue forgone per senior citizen and per woman with their respective numbers. Their respective numbers have been estimated by calculating the percentage of sample returns filed by them. Thereafter, this percentage has been applied to the estimate of total number of individual taxpayers for financial year 2010-11. The total sample returns filed electronically with the Income-tax Department till 31<sup>st</sup> December, 2011 is 68,62,807. The total number of individual taxpayers for financial year 2010-11 is estimated to be 3,08,14,135 by assuming a growth rate of 5% over the estimate of the previous year which was 2,93,46,795. According to the sample returns, 5.53 per cent were filed by senior citizens and 25.95 per cent of the balance returns were filed by women (other than senior citizens). Further, the revenue forgone 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 forgone on account of each such taxpayer has been projected on the total estimate of the number of such tax payers.
- (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 forgone has been calculated on the assumption that these figures reflect the total claims made by individuals under these sections as all tax audited returns for income of F.Y. 2010-11 were subject to compulsory e-filing.
- (iii) In all other cases, the revenue forgone for the entire population of taxpayers is worked out by-
  - a) First calculating the average revenue forgone for a particular incentive per taxpayer for each income slab which has a separate tax rate in the sample returns.
  - b) Secondly, multiplying this by the estimated total number of individual taxpayers in that income slab for financial year 2010-11.

This gives the revenue forgone for that income slab for a particular incentive. The sum of the revenue forgone for all the slabs gives the revenue forgone for the entire population on account the particular tax incentive.

- (iv) Based on the revenue forgone figures for financial year 2010-11, the revenue forgone during the financial year 2011-12 has been estimated. This estimation has been done by multiplying the revenue forgone on each tax incentive in 2010-11 by the projected growth in tax collections from individual taxpayers in 2011-12.

As detailed above, table 7 depicts the major tax expenditures on individual taxpayers in terms of revenue forgone during financial years 2010-11 and 2011-12.

**Table 7: Major tax expenditure on individual taxpayers during the financial years 2010-11 and 2011-12**

Sl. No.	Nature of incentive/deduction	Revenue Forgone (in ` Crore) [2010-11]	Projected Revenue Forgone (in ` Crore) [2011-12]
1	Deduction on account of certain investments and payments (section 80C)	24359	28371
2	Deduction on account of contribution to certain pension funds (section 80CCC)	124	144
3	Deduction on account of contribution to the New Pension Scheme (section 80CCD)	18	21
4	Deduction on account of health insurance premium (section 80D)	579	674
5	Deduction on account of expenditure for medical treatment of a dependent who is disabled (section 80DD)	73	85

Sl. No.	Nature of incentive/deduction	Revenue Forgone (in ` Crore) [2010-11]	Projected Revenue Forgone (in ` Crore) [2011-12]
6	Deduction on account of expenditure for medical treatment of specified diseases (section 80DDB)	27	32
7	Deduction on account of interest on loan taken for higher education (section 80E)	138	161
8	Deduction on account of donations to charitable trusts and institutions (section 80G)	288	335
9	Deduction on account of rent paid for housing accommodation (section 80GG)	70	81
10	Deduction on account of donations for scientific research or rural development (section 80GGA)	70	81
11	Deduction on account of contributions given to political parties (section 80GGC)	7	8
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)	29	34
13	Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)	0	0
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)	223	260
15	Deduction of profits of undertakings set-up in North Eastern States, Sikkim, Uttaranchal and Himachal Pradesh (section 80-IC)	288	335
16	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	11	13
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)	8	9
19	Deduction of royalty income on patents (section 80RRB)	0	0
20	Deduction in case of a person with disability (section 80U)	85	98
21	Deduction on account of certain investments in Infrastructure Bonds (section 80CCF)	517	602
22	Higher exemption limit for senior citizens	1405	1636
23	Higher exemption limit for women	2334	2718
<b>TOTAL</b>		<b>30653</b>	<b>35698</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 forgone 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-IB and section 80-IC 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**”.

Revenue forgone 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 specified as ad valorem rates, **Revenue forgone = 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 forgone = (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 forgone is calculated accordingly
- In all the above cases, if the tariff rate of duty equals the effective rate, revenue forgone 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 forgone on account of issue of special exemption orders is not being calculated towards revenue forgone figures.

Automation of Central Excise & Service Tax (ACES) system has been launched in all the Central Excise formations across the country. The revised figure of duty forgone for 2010-11 is based on ACES data, which, among other thing, enables capture of data contained in returns filed by assesses. As the actual figures for revenue realization are now available for the whole year, revised revenue forgone figure has been worked out accordingly. The duty forgone due to the operation of area based exemptions scheme has been obtained separately from the concerned Central Excise zones and added. In the last Budget, the revenue forgone estimate for the financial year 2010-11 was calculated using the extrapolation method based on data for part of the year i.e. April-November, 2010. Accordingly, the revenue forgone for the financial year 2010-11 was estimated at ₹ 1,98,291 crore [₹ 1,87,041 crore + ₹ 11,250 crore (towards area based exemption)]. The revised revenue forgone for the financial year 2010-11 based on actual data for the full year comes to ₹ 1,92,227 crore as against the estimates of ₹ 1,98,291 crore.

As in the past, the revenue forgone for the current financial year i.e. 2011-12 has also been estimated using the extrapolation method based on ACES data for part of the year i.e. April-December, 2011. Accordingly, the revenue forgone for the financial year 2011-12 is estimated at ₹ 2,12,167 crore including ₹ 12,880 crore on account of area based exemptions.

The estimates of ₹ 2,12,167 crore show an increase of about 10.37% over last year's corresponding revised figure of ₹ 1,92,227 crore. The revenue forgone has increased compared to that registered in 2010-11, because in 2010-11 the excise duty on unbranded Diesel continued to be charged at the rate of ₹ 2.60 per litre respectively, whereas with effect from 25<sup>th</sup> June 2011, unbranded Diesel was fully exempted from excise duty resulting in significant increase in duty forgone significantly. Further, the excise duty collections have increased in the current financial year by about 6.8% till January, 2012 compared to similar period in 2010-11. The increase in revenue forgone has been partially offset on account of levy of central excise duty of 1% (if no CENVAT is availed) and 5% (if CENVAT on inputs is availed) on 130 items, which were exempt from central excise duty as also levy of compulsory excise duty @ 10% on ready-made garments with effect from 01.03.2011.

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 forgone is computed by aggregating the refunds actually sanctioned to the individual units or claimed by them during the year. With an increase in clearances, it is evident that the quantum of refunds would increase. As for outright exemptions, the revenue forgone is calculated using the difference between the general effective rate and the duty actually paid (Nil). By the same logic, therefore, the revenue forgone in respect of the exemption schemes also reflects the upward trend.

The revenue forgone figures are given in Table 8 below.

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

Sl. No.	Details of Exemption	Revenue forgone (in ` crore)		
		2010-11		2011-12
		Estimates	Revised	Estimates
1	Area based exemptions applicable in the North Eastern states, Uttaranchal, Himachal Pradesh, Jammu & Kashmir and Kutch district of Gujarat	11250	10246	12880
2	Others	187041	181981	199287
<b>Total</b>		<b>198291</b>	<b>192227</b>	<b>212167</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 (i) 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 like goods if they were manufactured in India and (ii) special additional duty of customs (commonly referred to as Special CVD or SAD) which is levied at a rate of 4%. 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 of exemption under Section 25(1) of the Customs Act, 1962 to issue notifications 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 forgone 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 forgone= Value X (Tariff rate of duty – Effective rate of duty)**

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

The estimate of revenue forgone 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 such ports, ICDs & CFSs where either EDI system has not become fully functional or where filing of Bills of Entry is still happening manually, the EDI data does not provide a complete picture of the customs revenue forgone. Suitable adjustments (mainly additions) are made to EDI data in order to include revenue forgone on account of bulk imports or transactions cleared in the manual mode. The revenue forgone 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 2010-11, gross customs revenue captured by EDI data was ` 107624 crore as against actual gross customs revenue collection of ` 135780 crore. Thus, the EDI captured nearly 80% of the actual reported gross customs revenue collection for the year 2010-11. This implies that the estimation of revenue forgone is based on a fairly large and representative data base.

In order to work out the revenue forgone for the year 2010-11, EDI data has been adjusted upward both for completing coverage as well as fully capture revenue on account of edible oils, minerals and ores and petroleum products/ crude petroleum, which are normally imported as bulk cargo through Customs locations, some of which are still not on EDI.

The total revenue realized as per the EDI data for the year 2010-11 is ` 107624 crore, however the gross customs revenue for the year was ` 135780 crore indicating a coverage of 80%. The total Revenue forgone as generated from the EDI system comes to ` 184105 crore. After suitable adjustments made for coverage and bulk cargo (not on EDI), duty forgone for the year 2010-11 on account of all the exemption notifications comes to ` 230131 crore as against the estimated duty forgone of ` 228500 crore published last year. Further, after deducting the revenue forgone from the various export promotion schemes (other than drawback) and the category of incentive schemes mentioned at Sr. no. 14 of the Table 11 below, the net duty forgone for the year 2010-11 works out to ` 172740 crore.

In order to work out the estimated revenue forgone for the year 2011-12 (estimated), the same methodology was adopted. The EDI captured nearly 94% of the actual reported gross customs revenue collection this year indicating much improved EDI coverage. The EDI revenue forgone figures for the period April 2011-January 2012 were extrapolated for 12 months to ` 276093 crore, yielding an increase in revenue forgone by 20% over the previous year. Further, after deducting the revenue forgone from the various export

promotion schemes (other than drawback) and the category of incentive schemes mentioned at Sr. no. 14 of the Table 11 below, the net duty forgone (Estimated) for the year 2011-12 works out to ₹ 223653 crore.

The revenue forgone has increased compared to that registered in 2010-11 (20% more than the previous year) because in 2010-11 the effective basic customs duty on crude petroleum oil, Petrol and Diesel continued to be charged at 5%, 7.5 % and 7.5% respectively, whereas from 25<sup>th</sup> June 2011, the effective basic Customs duty for the same was reduced to Nil, 2.5% and 2.5 % respectively. Thus for the remaining financial year since 25<sup>th</sup> June, 2011, the duty forgone amount has increased significantly. Further, the base for collection of Customs duty (i.e. the aggregate value/volume of imports) has also increased in the current financial year as evident from 12% increase in the customs duty collections till January, 2012 compared to similar period in last financial year 2010-11.

The customs duty forgone for the period 2010-11 and 2011-12 on account of major commodity groups and their share in overall duty forgone is given in Table 9 as under:

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

(in ₹ crore)

Sector	2010-11		2011-12 (Estimated)	
	Revenue forgone	% Share in total revenue forgone	Revenue forgone	% Share in total revenue forgone
<b>Crude oil and mineral oils (27)</b>	41200	18	58190	21
<b>Machinery (84 &amp; 85)</b>	25137	10	29979	11
<b>Diamond and gold (71)</b>	49164	21.50	57063	20.75
<b>Edible vegetable, fruits, cereals, vegetable oils (7, 8, 10, 15)</b>	27928	12.75	32682	12
<b>Primary metals and articles thereof (72 to 83)</b>	12768	5	14747	5.50
<b>Chemicals and plastics (28, 29, 39)</b>	18168	7.50	18395	6.75
<b>Textile (50 TO 63)</b>	11393	5.25	12370	4.50
<b>Fertilizer</b>	6039	3	8927	3.25
<b>Salt and ores (25 TO 26)</b>	7249	3.25	8785	3.25
<b>Drugs</b>	3041	1.25	1611	.60
<b>Total</b>	<b>201166</b>	<b>87.50</b>	<b>242759</b>	<b>88</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	2010-11	2011-12 (Estimated)
1	Live animals	2	4
2	Meat and edible meat offal	4	5
3	Fish and crustaceans, other aquatic invertebrates	27	40
4	Dairy Products	465	648
5	Other products of animal origin	57	73
6	Live trees and other plants	6	7
7	Edible vegetables, certain roots and tubers	3885	4676
8	Edible fruit and nuts	1968	2733
9	Coffee, tea, mate and spices	756	852

(` in Crore)

Chapter	Brief Description of Goods	2010-11	2011-12 (Estimated)
10	Cereals	507	106
11	Products of the milling industry	38	28
12	Oilseeds, grains, seeds, fruits	271	289
13	Lac, gums and resins	179	140
14	Vegetable plaiting materials	1	5
15	Animal of vegetable fats	21568	25167
16	Preparations of meat or fish	12	20
17	Sugar	2330	667
18	Cocoa	182	251
19	Preparations of cereals	39	39
20	Preparation of vegetables	58	81
21	Miscellaneous edible preparations	406	502
22	Beverages and spirits	237	182
23	Residues and waste from food industry	268	281
24	Tobacco	71	65
25	Salt, sulphur earths and stone	539	914
26	Ores	6710	7871
27	Mineral fuels and mineral oils	41200	58190
28	Inorganic chemicals	2903	3902
29	Organic chemicals	11713	10579
30	Pharmaceutical products	3041	1611
31	Fertilizers	6039	8927
32	Tanning and dyeing extracts, pigments	492	570
33	Essential oils	395	417
34	Soap and washing preparations	168	218
35	Albuminoidal substances	182	200
36	Explosives, matches	11	5
37	Photography goods	93	107
38	Miscellaneous chemical products	1768	2204
39	Plastics	3552	3915
40	Rubber	2192	2580
41	Hide and skins and leather	378	357
42	Articles of leather	50	66
43	Fur skins	3	4
44	Wood	1118	1341
45	Cork	1	2
46	Manufactures of straw	0	1
47	Wood Pulp	621	773
48	Paper	1716	1795

Chapter	Brief Description of Goods	2010-11	2011-12 (Estimated)
49	Printed books, newspapers	476	562
50	Silk	512	535
51	Wool	434	467
52	Cotton	1994	889
53	Other vegetable fibres	89	102
54	Manmade filaments	4052	5337
55	Man made staple fibres	590	695
56	Wadding and non wovens	50	50
57	Carpets	30	31
58	Special woven fabrics	2396	3279
59	Coated textile fabrics	717	657
60	Knitted fabrics	309	265
61	Knitted readymade garments	66	63
62	Woven garments	95	110
63	Made ups	59	100
64	Footwear	205	236
65	Head gear	4	3
66	Umbrellas	13	17
67	Feathers/artificial flowers	14	4
68	Articles of stone, plaster	136	146
69	Ceramic Products	366	546
70	Glass and glass ware	201	198
71	Precious stones, jewellery	49164	57063
72	Iron and steel	7615	8560
73	Articles of iron and steel	2168	2626
74	Copper and articles thereof	690	1045
75	Nickel and articles thereof	238	273
76	Aluminum and articles thereof	969	1148
78	Lead and articles thereof	270	252
79	Zinc and articles thereof	96	90
80	Tin and articles thereof	77	84
81	Other base metals	93	123
82	Tools and implements	390	359
83	Miscellaneous articles of base metals	162	186
84	Machinery	14298	16792
85	Electrical machinery	10839	13187
86	Railways or tramways locomotives, rolling stocks etc.	116	103
87	Motor vehicles	3068	4209
88	Aircrafts	1869	2438

( ` in Crore)

Chapter	Brief Description of Goods	2010-11	2011-12 (Estimated)
89	Ships, boats and floating structures	2289	4185
90	Optical/photographic instruments	2958	3138
91	Clocks and watches	69	78
92	Musical instruments	9	6
93	Arms and ammunitions	306	1031
94	Furniture	328	301
95	Toys and games	263	226
96	Miscellaneous manufactured articles	192	191
97	Work of art, antiques	29	93
98	Project imports, baggage	536	603
<b>Total</b>		<b>230131</b>	<b>276093</b>

These figures include revenue forgone from the working of various export promotion schemes other than from drawback. The break-up of revenue forgone 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 forgone from the various export promotion schemes (other than drawback) needs to be scaled down by the amount of revenue forgone 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 forgone.

**Table 11: Revenue Forgone on account of Export Promotion Concessions**

( ` in Crore)

S. No.	Name of the Scheme	2010-11	2011-12 (Estimated)
1	Advance Licence Scheme	19355.28	21035
2	EOU/EHT/STP	8579.87	4213.57
3	EPCG	10621.24	9580.36
4	DEPB Scheme	8756.55	11103.30
5	SEZ	8630.16	5313.60
6	DFRC	43.53	29.22
7	Duty Free Import Authorisation Scheme	1404	1165.32
8	Duty Free Entitlement Credit Certificate	156.39	167.53
9	Target plus schemes	374	1047.20
10	Vishesh Krishi and Gram Udyog Yojana	1788.48	2021
11	Served from India Scheme	542	322.65
12	Focus Market/Product Sheme	1757.50	3146.41
13	<b>TOTAL</b>	<b>62009</b>	<b>59145</b>
14	Less revenue forgone on incentive schemes maintained at S.Nos. 8 to 12	<b>4618.37</b>	<b>6704.79</b>
15	Revenue Forgone on account of input tax neutralisation or exemption schemes to be reduced from gross revenue forgone on account of customs duty	<b>57390.63</b>	<b>52440.21</b>

These aforesaid estimates of revenue forgone do not include revenue forgone 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 forgone for Direct and Indirect Taxes are given in Table 12 and 13 below:

**Table 12: Revenue Forgone (Direct Taxes) in financial years 2010-11 and 2011-12**

(in ` Crore)

	Revenue Forgone in 2010-11	Projected Revenue Forgone in 2011-12
Corporate Income-tax	57912	51292
Personal Income-tax	36826	42320
Total	94738	93612

**Table 13: Revenue Forgone (Indirect Taxes) in financial years 2010-11 and 2011-12**

(in ` Crore)

	Revenue Forgone in 2010-11	Actual tax collection in 2010-11	Revenue Forgone in 2011-12(Estimated)	Estimated tax collection in 2011-12
Excise Duty	192227	139744	212167	146000
Customs duty*	172740	135780	223653	153000

\* Custom duty 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 2010-11) [sample size – 458696]

Sl. No	Sector	Industry	Number of Companies	Profit before tax (in ` crore)	Total tax payable (in ` crore)	Effective tax rate (in %)
1	Manufacturing	Agro-based Industries	11356	8169	1958	23.98
2	Manufacturing	Automobile and Auto parts	4075	34796	9209	26.46
3	Manufacturing	Cement	689	5597	1230	21.98
4	Manufacturing	Diamond Cutting	423	1653	319	19.32
5	Manufacturing	Drugs and Pharmaceuticals	4965	38612	8213	21.27
6	Manufacturing	Electronics, including Computer Hardware	2517	7143	1736	24.30
7	Manufacturing	Engineering goods	9400	35479	10704	30.17
8	Manufacturing	Fertilizers, Chemicals and Paints	3660	15488	4226	27.29
9	Manufacturing	Flour and Rice Mills	1285	797	233	29.21
10	Manufacturing	Food Processing Units	2472	5447	1422	26.11
11	Manufacturing	Marble and Granite	1879	970	281	28.93
12	Manufacturing	Paper	1439	1719	386	22.48
13	Manufacturing	Petroleum and Petrochemicals	657	41186	9560	23.21
14	Manufacturing	Power and Energy	4107	79345	17512	22.07
15	Manufacturing	Printing and Publishing	2493	4165	1229	29.51
16	Manufacturing	Rubber	891	736	188	25.61

Sl. No	Sector	Industry	Number of Companies	Profit before tax (in ` crore)	Total tax payable (in ` crore)	Effective tax rate (in %)
17	Manufacturing	Steel	4675	29839	8163	27.36
18	Manufacturing	Sugar	292	1919	504	26.25
19	Manufacturing	Tea and Coffee	910	1493	197	13.19
20	Manufacturing	Textiles, Handlooms and Powerlooms	9067	13003	2701	20.77
21	Manufacturing	Tobacco	291	877	259	29.49
22	Manufacturing	Tyre	144	1721	490	28.50
23	Manufacturing	Vanaspati and Edible Oils	623	1104	284	25.71
24	Manufacturing	Others	52966	127190	32839	25.82
25	Trading	Chain Stores	757	573	156	27.33
26	Trading	Retailers	10523	5235	1536	29.34
27	Trading	Wholesalers	18131	7075	2140	30.24
28	Trading	Others	68129	54927	11615	21.15
29	Commission Agents	General Commission Agents	4154	1285	377	29.34
30	Builders	Builders	14754	6106	1436	23.52
31	Builders	Estate Agents	2769	349	113	32.54
32	Builders	Property Developers	23821	18065	3680	20.37
33	Builders	Others	17390	6199	1419	22.89
34	Contractors	Civil Contractors	8298	13999	3854	27.53
35	Contractors	Excise Contractors	21	7	2	32.21
36	Contractors	Forest Contractors	12	2	0	9.68
37	Contractors	Mining Contractors	692	2509	810	32.29
38	Contractors	Others	8451	11243	2749	24.45
39	Professionals	Chartered Accountants, Auditors, etc.	66	5	2	33.21
40	Professionals	Fashion Designers	93	44	10	22.11
41	Professionals	Legal Professionals	248	29	8	28.81
42	Professionals	Medical professionals	1218	210	61	29.26
43	Professionals	Nursing Homes	924	151	43	28.24
44	Professionals	Specialty Hospitals	917	1099	272	24.78
45	Professionals	Others	5454	1072	330	30.79
46	Service	Advertisement Agencies	2423	1383	421	30.47
47	Service	Beauty Parlours	192	41	14	35.40
48	Service	Consultancy Services	13366	11116	2430	21.86
49	Service	Courier Agencies	416	474	176	37.06
50	Service	Computer Training, Educational and Coaching Institutes	2453	1075	265	24.69
51	Service	Forex Dealers	638	235	67	28.34
52	Service	Hospitality Services	3299	1453	346	23.80
53	Service	Hotels	6067	12410	3098	24.96
54	Service	IT Enabled Services, BPO Service Providers	8648	17978	3836	21.34

Sl. No	Sector	Industry	Number of Companies	Profit before tax (in ` crore)	Total tax payable (in ` crore)	Effective tax rate (in %)
55	Service	Security Agencies	1278	429	153	35.68
56	Service	Software Development Agencies	9661	41491	7904	19.05
57	Service	Transporters	3683	5629	1247	22.16
58	Service	Travel Agents and Tour Operators	3353	1002	280	27.94
59	Service	Others	49444	53749	13063	24.30
60	Financial Service	Banking Companies	290	102820	25351	24.66
61	Financial Service	Chit Funds	2167	318	101	31.71
62	Financial Service	Financial Institutions	321	12746	3151	24.72
63	Financial Service	Financial Service Providers	2906	5796	1594	27.50
64	Financial Service	Leasing Companies	557	1221	268	21.94
65	Financial Service	Money Lenders	445	115	32	27.54
66	Financial Service	Non-Banking Financial Companies	8269	27758	7162	25.80
67	Financial Service	Share Brokers, Sub-brokers, etc.	3951	4849	1488	30.68
68	Financial Service	Others	20213	46843	8984	19.18
69	Entertainment Industry	Cable T.V Productions	315	141	42	29.51
70	Entertainment Industry	Film Distribution	319	1079	216	19.99
71	Entertainment Industry	Film Laboratories	27	73	7	10.05
72	Entertainment Industry	Motion Picture Producers	461	287	71	24.80
73	Entertainment Industry	Television Channels	348	2290	738	32.21
74	Entertainment Industry	Others	5088	3143	1100	34.99
<b>Total</b>			<b>458696</b>	<b>946576</b>	<b>228061</b>	<b>24.09</b>