

**Revenue foregone under the Central Tax System:
Financial Years 2007-08 and 2008-09**

Introduction

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 faced 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 annexure-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 the Parliament during Budget 2008-09.

Like in the earlier three 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 2007-08, the most recent year for which data is available. However, an attempt has also been made to estimate the revenue loss during financial year 2008-09 on the basis of the revenue foregone figures of the financial year 2007-08 or the provisional figures for 2008-09 (April-September in case of Central Excise and full year for Customs).

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 the short-term impact analysis. They are developed assuming that the underlying tax base would not be affected by removal of such measures. To the extent 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.
- (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. Strictly, the interactive compounded 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 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 4,10,451 corporate returns electronically up to 31st March, 2009 for the financial year 2007-08 [i.e., assessment year 2008-09]. For the purposes of estimating the tax expenditure, data pertaining to these 4,10,451 companies¹ was culled out from the database for analysis.

The data was analysed and the following facts emerged:-

- The companies reported Rs. 7,11,557 crore as profits before taxes² (losses were reported by about one-third of the companies) but declared a total income (taxable income)³ of Rs. 4,79,898 crore only during the financial year 2007-08 **(for filing in financial year 2008-09)**.
- These companies paid Rs. 1,58,225 crore as corporate tax [**inclusive of surcharge and education cess**] during the same financial year.
- These companies also paid Rs. 6,533 crore as Fringe Benefit Tax and Rs. 10,670 crore as Dividend Distribution Tax during the year.

¹ The sample size for financial year 2006-07 was 3,28,061.

² This does not include loss-making companies.

³ The term “total income”, in income-tax returns, represents taxable income as would be implied in common parlance.

Table 1 profiles the sample companies across profit range. The **effective tax rate⁴ of the entire sample was 22.24 per cent⁵** [as against the rate of 20.60 per cent clocked in 2006-07], **which was substantially lower than the statutory tax rate of 33.99 per cent.** Companies with profits before taxes [PBT hereafter] of Rs. 500 crore and above – a total of 190 – accounted for 54.98 per cent of the total PBT and 54.02 per cent of the total corporate income tax payable. However, their effective tax rate was only 21.85 per cent in comparison to an effective tax rate of 24.04 per cent for sample companies having PBT of up to Rs. one crore.

The ratio of total income to PBT is much higher (76.93 per cent) for companies with PBT of up to Rs. one crore than that for the total sample (67.44 per cent). This indicates lesser deviance from PBT in the case of relatively smaller companies as compared to larger companies because of higher tax concessions being availed of by the latter.

**Table 1: Profile of sample companies across range of profits before taxes
(financial year 2007-08) [sample size – 410451]**

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	144170	0.00	0.27	0.24	-	-
2	Zero	31591	0.00	5.46	1.97	-	-
3	Rs 0-1 Crore	211723	3.16	3.61	3.42	76.93	24.04
4	Rs 1-10 Crore	18117	7.73	7.55	7.81	65.87	22.46
5	Rs 10-50 Crore	3433	10.27	9.22	9.76	61.05	21.14
6	Rs 50-100 Crore	611	5.96	4.99	5.40	56.38	20.14
7	Rs 100-500 Crore	616	17.86	15.94	17.35	60.19	21.59
8	Greater than Rs 500 Crore	190	54.98	52.85	54.02	64.83	21.85
9	All Sample Companies	410451	100.00	100.00	100.00	67.44	22.24

The figures in Table 1 clearly indicate that the companies in the middle of the distribution i.e those having PBT between 10 and 500 crore, are the ones paying the least tax. The effective tax rates of these companies are less than that of the entire sample.

Table 2 profiles the sample companies across effective tax rates. Companies with average effective tax rate of upto 20 per cent accounted for 44.60 per cent of total profits before taxes and 19.90 per cent of total taxable income and 22.13 per cent of total taxes paid. In other words, a large number of companies (229314) contributed a disproportionately lower amount in taxes in relation to their profits. Interestingly only 43886 companies accounting for 14.30 per cent of total profits and 25.49 per cent of the total taxes, had an effective tax rate of greater than the statutory rate. **Therefore, the tax liability across companies is unevenly distributed. This is primarily due to the various tax preferences in the statute.**

**Table 2: Profile of sample companies across range of effective tax rate*
(financial year 2007-08) [sample size – 410451]**

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	161916	1.87	0.47	0.24
2	0-20	67398	44.60	19.43	21.89
3	20-25	13168	9.38	9.90	9.44
4	25-30	20355	9.85	12.33	12.19
5	30-33.99	72137	19.98	28.15	28.74
6	>33.99	43886	14.30	24.23	25.49
7	Indeterminate	31591	0.00	5.46	1.97
8	All Sample Companies	410451	100.00	100.00	100.00

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

⁴ Effective tax rate in case of companies is the ratio of total taxes paid [including surcharge and education cess but excluding Dividend Distribution Tax and Fringe Benefit Tax] to the total profits before taxes [PBT] and expressed as a percentage.

⁵ Effective tax rate including dividend distribution tax was 23.74 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, it is evident that the public companies pay a larger proportion of their profits as tax than the private companies. Thus, the private sector entails much larger tax expenditure for the Government.

**Table 3: Effective tax rate* of sample companies in the public and private sectors
(financial year 2007-08) [sample size – 409573]**

Sl. No.	Sector	Number of Companies	Share in total profits (in %)	Share in total tax payable (in %)	Effective tax rate (in %)
1	Public	1808	21.58	24.94	25.69
2	Private	407765	78.42	75.06	21.28
	Total	409573	100.00	100.00	22.24

* 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. Interestingly, while the manufacturing sector has a higher effective tax rate and is paying more tax than the service sector, both the sectors have an effective tax rate that is way 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 2007-08) [sample size – 409573]**

Sl. No.	Sector	Number of Companies	Share in total profits (in %)	Share in total tax payable (in %)	Effective tax rate (in %)
1	Manufacturing	114473	50.98	51.48	22.46
2	Service	295100	49.02	48.52	22.00
	Total	409573	100.00	100.00	22.24

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

The industry-wise distribution of effective tax rate of companies is given in the Table in the appendix. A perusal of the same reveals that while the effective tax rate of almost all the industries is below the statutory level, it is very low for the IT Enabled Services Providers & BPO Service Providers and Software Development Agencies at 15 per cent and 12 per cent respectively. The two industries contributed 5.66 per cent of the total profits but only 3.46 per cent of the total taxes.

The tax foregone on each tax concession claimed by the sample companies has been calculated by applying the corporate tax rate of 33.99 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 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.

With e-filing being mandatory for companies, the revenue foregone in the case of these 4,10,451 companies represents the total revenue foregone in the corporate sector.

Based on the revenue foregone figures for financial year 2007-08, the revenue foregone during the financial year 2008-09, has been estimated. The estimation for 2008-09 has been done by calculating the ratio of revenue foregone on each tax incentive in 2007-08 to the actual corporate tax collected in the year [Rs. 1,92,911 crore] and then applying the same ratio to the actual corporate tax collections in 2008-09 [Rs. 2,13,823 crore]. Table 5 depicts the major tax expenditures on corporate taxpayers in terms of revenue foregone during the financial years 2007-08 and 2008-09.

Table 5: Major tax expenditure on corporate tax payers during financial years 2007-08 and 2008-09 [sample size - 410451]

Sl. No.	Nature of incentive	Revenue Foregone (in Rs. Crore) [2007-08]	Revenue Foregone (in Rs. Crore) [2008-09]
1	Deduction of export profits of STPI units (section 10A)	10590	11734
2	Deduction of export profits of EHTP units (section 10A)	13	14
3	Deduction of export profits of units located in SEZs (section 10A and 10AA)	1103	1222
4	Deduction of export profits of units located in EPZs (section 10A)	49	54
5	Deduction of export profits of units located in FTZs (section 10A)	23	25
6	Deduction of export profits of Export Oriented Units [EOUs] (section 10B)	6565	7274
7	Deduction of export profits of units manufacturing items of artistic value (section 10BA)	39	43
8	Accelerated Depreciation (section 32)	12946	14344
9	Deduction/weighted deduction for expenditure on scientific research (section 35 (1), (2AA) & (2AB))	2000	2216
10	Deduction for expenditure on eligible projects or schemes for the social and economic uplift of the public (section 35AC)	31	34
11	Deduction on account of donations to charitable trusts and institutions (section 80G)	3882	4301
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)	7	8
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)	1712	1897
16	Deduction of profits of undertakings engaged in development of SEZs and Industrial Parks (section 80-IA)	243	269
17	Deduction of profits of undertakings engaged in providing telecommunication services (section 80-IA)	5472	6063
18	Deduction of profits of undertakings engaged in generation, transmission and distribution of power (section 80-IA)	5776	6400
19	Deduction of profits of undertaking engaged in revival of power plant (section 80-IA)	66	73
20	Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)	1607	1781
21	Deduction of profits of industrial undertakings operating in the small-scale sector (section 80-IB)	234	259
22	Deduction of profits of industrial undertakings located in Jammu & Kashmir (section 80-IB)	252	279
23	Deduction of profits of industrial undertakings located in industrially backward States other than Jammu & Kashmir (section 80-IB)	1031	1142
24	Deduction of profits of industrial undertakings located in backward districts (section 80-IB)	221	245
25	Deduction of profits of industrial undertakings derived from multiplex theatre and convention centre (section 80-IB)	13	14
26	Deduction of profits of industrial undertakings derived from development of scientific research (section 80-IB)	40	44
27	Deduction of profits of industrial undertakings derived from production of mineral oil (section 80-IB)	2803	3106

Sl. No.	Nature of incentive	Revenue Foregone (in Rs. Crore) [2007-08]	Revenue Foregone (in Rs. Crore) [2008-09]
28	Deduction of profits of industrial undertakings derived from housing projects (section 80-IB)	1543	1710
29	Deduction of profits of industrial undertakings derived from operating a cold chain facility (section 80-IB)	4	4
30	Deduction of profits of industrial undertakings derived from integrated business of handling, storage and transportation of food grains (section 80-IB)	15	17
31	Deduction of profits of industrial undertakings derived from processing, preservation and packaging of fruits and vegetables (section 80-IB)	29	32
32	Deduction of profits of industrial undertakings derived from hospital in rural area (section 80-IB)	1	1
33	Deduction of profits of undertakings set-up in North Eastern States (section 80-IC)	922	1022
34	Deduction of profits of undertakings set-up in Sikkim (section 80-IC)	31	34
35	Deduction of profits of undertakings set-up in Uttaranchal (section 80-IC)	1178	1305
36	Deduction of profits of undertakings set-up in Himachal Pradesh (section 80-IC)	1652	1830
37	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	72	80
38	Deduction in respect of employment of new workmen (section 80JJAA)	24	27
39	Deduction in respect of certain incomes of Offshore Banking Units [OBUs] and International Financial Services Centre [IFSC] (section 80LA)	9	10
	TOTAL	62199	68914

While the revenue foregone figure for 2007-08 was estimated last year to be Rs. 58,665 crore, it has now been estimated at Rs. 62,199 crore, which is 6.02 per cent higher. A notable feature of Table 5 is the increase in the revenue foregone on account of accelerated depreciation from Rs. 7,396 crore in 2006-07 to Rs. 12946 crore in 2007-08. This sharp increase is probably an indicator of higher new investments made by companies during the year. Further, while the revenue foregone for the financial year 2008-09 on account of deduction of export profits of units located in SEZs under sections 10A and 10AA has been estimated at Rs. 1222 crore, the exports from SEZs during the Financial year 2008-09 have almost doubled as compared to the financial year 2007-08. Taking this change into account it also needs to be emphasised that the revenue foregone on account of deduction of export profits of units located in SEZs for the financial year 2008-09 is an underestimate.

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. For the purposes of estimating the tax expenditure, data pertaining to 4,62,053 firms/AOPs/BOIs was culled out from the database of the Income-tax Department. Till 31st March, 2009, 4,62,053 firms/AOPs/BOIs had filed their returns electronically. They account for about 90 per cent of the tax paid by the universe of firms/AOPs/BOIs in financial year 2007-08.

The data was analysed and the following facts emerged:-

- The sample firms/AOPs/BOIs reported Rs. 67,201 crore as profits before taxes (losses were reported by about 9 per cent of the sample) but declared a total income (taxable income) of Rs. 40,664 crore only during the financial year 2007-08 (for filing in financial year 2008-09).
- These sample firms/AOPs/BOIs paid Rs. 12,267 crore as income tax [inclusive of surcharge and education cess] during the same financial year. The effective tax rate⁶ in their case works out to 18.25 per cent.
- These firms/AOPs/BOIs also paid Rs. 539 crore as Fringe Benefit Tax during the same financial year.

⁶ Effective tax rate in case of firms/AOPs/BOIs is the ratio of total taxes paid [including surcharge and education cess but excluding Fringe Benefit Tax] to the total profits before taxes [PBT] and expressed as a percentage.

The tax foregone on each tax concession claimed by the sample firms/AOPs/BOIs has been calculated by applying the income tax rate of 33.99 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 33.99 per cent has been applied to this difference to arrive at the revenue foregone figure.

Even though the sample firms/AOPs/BOIs account for only 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 an underestimate.

Based on the revenue foregone figures for financial year 2007-08, the revenue foregone during the financial year 2008-09, has been estimated. The estimation for 2008-09 has been done by calculating the ratio of revenue foregone on each tax incentive in 2007-08 to the actual income tax collected in the year from firms/AOPs/BOIs [Rs. 12,829 crore] and then applying the same ratio to the actual income tax collections in 2008-09 [Rs. 13,748 crore]. Table 6 depicts the major tax expenditures on non-corporate taxpayers in terms of revenue foregone during the financial years 2007-08 and 2008-09. As can be seen, the highest tax expenditure is on account of deduction under section 80-IB of the Income-tax Act.

Table 6 : Major tax expenditure on sample firms/AOPs/BOIs during financial years 2007-08 and 2008-09 [sample size – 462053]

Sl. No.	Nature of incentive	Revenue Foregone (in Rs. Crore) [2007-08]	Revenue Foregone (in Rs. Crore) [2008-09]
1	Deduction of export profits of STPI units (section 10A)	51	55
2	Deduction of export profits of EHTP units (section 10A)	1	1
3	Deduction of export profits of units located in SEZs (section 10A and 10AA)	260	278
4	Deduction of export profits of units located in EPZs (section 10A)	9	10
5	Deduction of export profits of units located in FTZs (section 10A)	11	12
6	Deduction of export profits of Export Oriented Units [EOUs] (section 10B)	461	494
7	Deduction of export profits of units manufacturing items of artistic value (section 10BA)	17	18
8	Accelerated Depreciation (section 32)	419	449
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)	19	20
11	Deduction on account of donations to charitable trusts and institutions (section 80G)	101	108
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)	Nil	Nil
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)	72	77
16	Deduction of profits of undertakings engaged in development of SEZs and Industrial Parks (section 80-IA)	16	17
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)	7	7
19	Deduction of profits of undertaking engaged in revival of power plant (section 80-IA)	Nil	Nil

Sl. No.	Nature of incentive	Revenue Foregone (in Rs. Crore) [2007-08]	Revenue Foregone (in Rs. Crore) [2008-09]
20	Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)	14	15
21	Deduction of profits of industrial undertakings operating in the small-scale sector (section 80-IB)	90	96
22	Deduction of profits of industrial undertakings located in Jammu & Kashmir (section 80-IB)	354	379
23	Deduction of profits of industrial undertakings located in industrially backward States other than Jammu & Kashmir (section 80-IB)	141	151
24	Deduction of profits of industrial undertakings located in backward districts (section 80-IB)	74	79
25	Deduction of profits of industrial undertakings derived from multiplex theatre and convention centre (section 80-IB)	3	3
26	Deduction of profits of industrial undertakings derived from development of scientific research (section 80-IB)	1	1
27	Deduction of profits of industrial undertakings derived from production of mineral oil (section 80-IB)	10	11
28	Deduction of profits of industrial undertakings derived from housing projects (section 80-IB)	1483	1588
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)	2	2
31	Deduction of profits of industrial undertakings derived from processing, preservation and packaging of fruits and vegetables (section 80-IB)	2	2
32	Deduction of profits of industrial undertakings derived from hospital in rural area (section 80-IB)	1	1
33	Deduction of profits of undertakings set-up in North Eastern States (section 80-IC)	159	170
34	Deduction of profits of undertakings set-up in Sikkim (section 80-IC)	8	9
35	Deduction of profits of undertakings set-up in Uttaranchal (section 80-IC)	161	172
36	Deduction of profits of undertakings set-up in Himachal Pradesh (section 80-IC)	317	340
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)	507	543
	TOTAL	4779	5116

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 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 34,58,654 returns filed electronically by individuals with the Income-tax Department till 31st March, 2009. The revenue foregone on account of the various tax benefits granted to individual taxpayers is presented in Table 7.

Based on the revenue foregone figures for financial year 2007-08, the revenue foregone during the financial year 2008-09, has been estimated. This estimation has been done by calculating the ratio of revenue foregone on each tax incentive in 2007-08 to the actual income tax collected in the year from individual taxpayers [Rs. 89,804 crore] and then applying the same ratio to the actual income tax collections from individuals in 2008-09 [Rs. 96,233 crore].

Apart from chapter VI A, the other major tax expenditure on individual taxpayers in the financial year 2007-08 was the higher basic exemption limits for senior citizens (individuals aged 65 years or more) and women (other than senior citizens).

The revenue foregone on account of higher basic exemption limits, as aforesaid, has been calculated by multiplying the revenue foregone per senior citizen and 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 total number of returns filed by individuals for financial year 2007-08. The total sample returns filed electronically with the Income-tax Department till 31st March, 2009 is 34,58,654.

The total number of returns filed by individuals for financial year 2007-08 is estimated to be 2,66,18,409. According to the sample returns, 4.8 per cent were filed by senior citizens and 30.6 per cent of the balance returns were filed by women. Thus, the number of senior citizens availing the higher exemption limit of Rs. 1,95,000 is estimated to be 12,77,684. Similarly, the number of women [who are not senior citizens] availing the higher exemption limit of Rs. 1,45,000 is estimated to be 77,54,261. The revenue foregone per senior citizen is Rs. 13,390 as the tax liability (including education cess) on an income of Rs. 1,95,000 is Rs. 13,390. Similarly, the revenue foregone per woman (who is not a senior citizen) is Rs. 3,605 as that is the tax liability on an income of Rs. 1,45,000.

The estimates for 2008-09 have been done by assuming a 5 per cent growth in number of returns filed by senior citizens and women for financial year 2008-09 over what was filed for financial year 2007-08. Further, the revenue foregone on account of each senior citizen and woman [who is not a senior citizen] has been calculated by taking into account the higher basic exemption limits [Rs. 2,25,000 and Rs. 1,80,000 respectively]. The resultant figures are Rs. 7,725 and Rs. 3,090 respectively. Thereafter, the revenue foregone on account of each such taxpayer has been multiplied with their numbers.

Table 7 depicts the major tax expenditures on individual taxpayers in terms of revenue foregone during financial year 2007-08 and 2008-09.

Table 7: Major tax expenditure on individual taxpayers during the financial years 2007-08 and 2008-09

Sl. No.	Nature of incentive/deduction	Revenue Foregone (in Rs. Crore) [2007-08]	Revenue Foregone (in Rs. Crore) [2008-09]
1	Deduction on account of certain investments and payments (section 80C)	25573	27389
2	Deduction on account of contribution to certain pension funds (section 80CCC)	158	169
3	Deduction on account of contribution to the New Pension Scheme (section 80CCD)	12	13
4	Deduction on account of health insurance premium (section 80D)	670	718
5	Deduction on account of expenditure for medical treatment of a dependent who is disabled (section 80DD)	66	71
6	Deduction on account of expenditure for medical treatment of specified diseases (section 80DDB)	27	29
7	Deduction on account of interest on loan taken for higher education (section 80E)	93	100
8	Deduction on account of donations to charitable trusts and institutions (section 80G)	381	408
9	Deduction on account of rent paid for housing accommodation (section 80GG)	77	82
10	Deduction on account of donations for scientific research or rural development (section 80GGA)	13	14
11	Deduction on account of contributions given to political parties (section 80GGC)	10	11

Sl. No.	Nature of incentive	Revenue Foregone (in Rs. Crore) [2007-08]	Revenue Foregone (in Rs. Crore) [2008-09]
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)	52	56
13	Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)	7	7
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)	1236	1324
15	Deduction of profits of undertakings set-up in North Eastern States, Sikkim, Uttaranchal and Himachal Pradesh (section 80-IC)	655	702
16	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	45	48
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)	7	7
19	Deduction of royalty income on patents (section 80RRB)	Nil	Nil
20	Deduction in case of a person with disability (section 80U)	98	105
21	Higher exemption limit for senior citizens	1711	1036
22	Higher exemption limit for women	2387	2148
	TOTAL	33278	34437

It is evident from the table that the tax expenditure on account of investments in various savings instruments; repayment of housing loan and payment of tuition fees for children [section 80C of the Income-tax Act] is the single largest tax expenditure in case of individual taxpayers. As regards profit-linked deductions, the highest tax expenditure is on account of section 80-IB of the Income-tax Act. Further, the revenue foregone on account of higher basic exemption limits for senior citizens and women are also significant.

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. There are some other levies such as Additional Excise duty, National Calamity Contingency duty and Education cess, which are also levied as duties of excise. 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. Government have been delegated powers under Section 5A(1) of the Central Excise Act, 1944 to issue notifications in public interest so as to prescribe duty rates lower than the tariff rates prescribed in the Schedule. These rates prescribed by notifications 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.

In case of goods subjected to specific rates of duties, the revenue foregone figures are obtained by substituting the value by quantity. Duty foregone is, thus, zero if tariff rate is equal to the effective rate.

A beginning was made in 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 SERMON data base - the software system that captures data on the basis of entries made by field formations in 23 different zones of Central Excise and 4 Large Taxpayer Unit (LTU). However, in the 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 2006-07 and 2007-08 were determined with a greater degree of accuracy, compared to that of previous years.

The revised [provisional] duty foregone for the year 2006-07 was based on SERMON database, which captured 93 per cent of central excise duty realization for the full year. The revised [provisional] duty foregone with 100% coverage was calculated assuming the same data spread for the remaining 7 per cent. Owing to software-related as well as other data integration problems, the actual data for the remaining 7% could not be made available by field formations for entering into SERMON database, necessitating revised [provisional] duty foregone for 2006-07 [Rs 75475 crore] to remain unaltered and be taken as final figures for 2006-07.

The estimates for 2007-08 were arrived at on the basis of SERMON data available for the first six months of the year that had coverage of about 84 per cent. The estimates for the full year were then calculated by extrapolating the data for the remaining six months, assuming the same data pattern. The revised figure of duty foregone for 2007-08 is again based on SERMON data, which is available for the full year and has captured 85 per cent of the revenue collection. The revised duty foregone of Rs. 87468 crore has therefore been arrived at considering the same pattern of data for the remaining 15 per cent.

For the estimates of revenue foregone for 2008-09, the SERMON data for the first six months capturing nearly 75% of actual revenue realization has been used as a base for calculating the duty foregone. However, the assumption regarding the continuation of same data pattern for the entire year has been dispensed with. This is on account of fact that as a measure to counter the general slowdown in economy because of sudden global recession during second half of 2008-09, the effective excise duty rates were cut across the board by 4 percentage points on 07.12.2008. Later, on 24.02.09, the mean excise duty rate of 10% was further reduced by 2 percentage points from 10% to 8%. Appropriate calculations have therefore been made to adjust the impact of these significant changes in excise duty structure on the estimates of duty foregone.

The revenue foregone figures captured by SERMON do not include the revenue foregone due to the operation of area based exemptions scheme. This data have been collected from the Central Excise zones concerned, separately.

The estimates of revenue foregone for the year 2008-09 i.e. Rs. 128293 crore show a sharp increase over last year's corresponding figure of Rs. 87468 crore. This is explained by the fact that in budget 2008-09, the mean effective duty rate of 16 per cent, being the tariff rate levied on most excisable goods, was reduced to 14 per cent in budget 2008-09, followed by substantial reduction in petrol and diesel excise duty rates by nearly 16% and 33% respectively. Later, as expounded above, effective duty rates were further slashed down in December, 2008 and in February, 2009. Since there was no corresponding reduction in tariff rate, which continued at the pre-budget level of 16%, the overall duty foregone - the difference between tariff rate and effective rate - suffered a sharp increase by nearly 47% in 2008-09, compared to that of the previous year.

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 Rs crore)		
		2007-08		2008-09
		Estimates	Revised (provisional)	Estimates*
1.	Area based exemptions applicable in the North Eastern states, Uttaranchal, Himachal Pradesh, Jammu & Kashmir and Kutch district of Gujarat	8550	8073	10327
2.	Others	79442	79395	117966
	Total	87992	87468	128293

[*-Based on actual for 2008-09 (April-September, 2008)]

These estimates of revenue foregone do not include revenue foregone on account of ad hoc exemption orders issued under Section 5A(2) of the Central Excise Act, 1944, that relate to circumstances of an exceptional nature.

B. Customs duties

Customs duty is levied under Customs Act, 1962 as per the rates specified in the 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 have 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 notifications 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 2007-08, gross customs revenue captured by EDI data was Rs.85516 crore as against actual gross customs revenue collection of Rs.104322 crore. Thus, the EDI data is capturing nearly 82% of the actual reported gross customs revenue collection for the year 2007-08. While EDI data for the year 2006-07 captured 83% of the actual gross customs revenue collection, the corresponding figure for the year 2005-06 was 73%. 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 2007-08, 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. Once the actual revenue realized from these commodities was added to the available EDI data for the year 2007-08, the coverage increased to Rs.95948 crore or, nearly 92% of the total revenue.

After suitable adjustments have been made to achieve full coverage, **duty foregone for the year 2007-08 (provisional)** on account of all the exemption notifications is **Rs.153593 crore**.

In order to work out the estimated revenue foregone for the **year 2008-09 (estimated)**, the same methodology was adopted and the revenue figures for the period April 2008-March 2009 were extrapolated to yield a figure of **Rs. 225752 crore, revealing an increase in revenue foregone by 47% over the previous year.**

The increase in revenue foregone for the year 2008-09 (estimated) is due to customs duty exemptions provided in 2008-09 on items like, edible oil, ores and concentrates, crude petroleum, and iron and steel. Moreover, the deep cuts in excise duty effected as a part of stimulus package during the later half of 2008-09 led to a reduction in CVD as well as special CVD collections and therefore, a consequential increase in revenue foregone.

The customs duty foregone for the period 2007-08 and 2008-09 on account of major commodity groups and their share in overall duty foregone is given in Table 9 as under:

Table 9 : Custom Duty foregone on account of major commodity groups

(in Rs. crore)

Commodity group	2007-08		2008-09	
	Duty foregone	% Share	Duty foregone	% Share
Crude oil and minerals	26709	17.4	47424	21
Machinery	26040	17	31262	13.8
Diamond, gold and Jewellery	25586	16.7	27649	12.2
Edible vegetable, fruits, cereals, edible oils	15518	10	26841	11.9
Primary metals and articles thereof	11048	7.2	14960	6.6
Chemicals and plastics	10336	6.7	15707	7
Textiles	8311	5.4	11085	5
Fertilisers	5308	3.5	14200	6.3
Salts and ores	4170	2.7	9726	4.3
Drugs	1543	1	3385	1.5

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 Rs. crore)

Chapter	Brief Description of Goods	2007-08 (Provisional)	2008-09 (Estimated)
1	Live animals	1	2
2	Meat and edible meat offal	0	4
3	Fish and crustaceans, other aquatic invertebrates	18	25
4	Dairy Products	17	52
5	Other products of animal origin	22	16
6	Live trees and other plants	4	6
7	Edible vegetables, certain roots and tubers	3106	3601
8	Edible fruit and nuts	1064	1656
9	Coffee, tea, mate and spices	541	621
10	Cereals	3009	87
11	Products of the milling industry	9	21
12	Oilseeds, grains, seeds, fruits	130	214
13	Lac, gums and resins	149	163
14	Vegetable plaiting materials	1	1
15	Animal of vegetable fats	8340	21497
16	Preparations of meat or fish	6	11
17	Sugar	59	408
18	Cocoa	25	49
19	Preparations of cereals	35	29
20	Preparation of vegetables	13	22
21	Miscellaneous edible preparations	130	243
22	Beverages and spirits	57	229
23	Residues and waste from food industry	100	161
24	Tobacco	6	12
25	Salt, sulphur earths and stone	405	978
26	Ores	3765	8748
27	Mineral fuels and mineral oils	26709	47424
28	Inorganic chemicals	2156	4879
29	Organic chemicals	6112	7700
30	Pharmaceutical products	1543	3385
31	Fertilizers	5308	14200
32	Tanning and dyeing extracts, pigments	291	450
33	Essential oils	161	282
34	Soap and washing preparations	80	135
35	Albuminoidal substances	61	100
36	Explosives, matches	8	10
37	Photography goods	38	113
38	Miscellaneous chemical products	1102	1657
39	Plastics	2068	3128
40	Rubber	894	1316
41	Hide and skins and leather	262	300
42	Articles of leather	20	43
43	Fur skins	3	3
44	Wood	1128	1167
45	Cork	1	2
46	Manufactures of straw	0	0
47	Wood Pulp	295	383
48	Paper	856	1426
49	Printed books, newspapers	525	365

(in Rs. crore)

Chapter	Brief Description of Goods	2007-08 (Provisional)	2008-09 (Estimated)
50	Silk	333	453
51	Wool	332	293
52	Cotton	2620	1183
53	Other vegetable fibres	54	49
54	Manmade filaments	2929	3764
55	Man made staple fibres	379	408
56	Wadding and non wovens	26	34
57	Carpets	17	26
58	Special woven fabrics	1025	4025
59	Coated textile fabrics	384	565
60	Knitted fabrics	132	164
61	Knitted readymade garments	10	23
62	Woven garments	36	60
63	Made ups	34	39
64	Footwear	154	169
65	Head gear	1	2
66	Umbrellas	9	16
67	Feathers/artificial flowers	3	12
68	Articles of stone, plaster	69	133
69	Ceramic Products	198	316
70	Glass and glass ware	156	208
71	Precious stones, jewellery	25586	27649
72	Iron and steel	5917	8634
73	Articles of iron and steel	2793	3371
74	Copper and articles thereof	604	654
75	Nickel and articles thereof	270	230
76	Aluminum and articles thereof	748	976
78	Lead and articles thereof	58	172
79	Zinc and articles thereof	170	159
80	Tin and articles thereof	39	74
81	Other base metals	63	118
82	Tools and implements	285	411
83	Miscellaneous articles of base metals	101	160
84	Machinery	15905	18567
85	Electrical machinery	10135	12695
86	Railways or tramways locomotives, rolling stocks etc.	119	357
87	Motor vehicles	3000	3010
88	Aircrafts	1915	2072
89	Ships, boats and floating structures	2061	2432
90	Optical/photographic instruments	2922	3404
91	Clocks and watches	16	49
92	Musical instruments	1	9
93	Arms and ammunitions	88	166
94	Furniture	230	306
95	Toys and games	111	181
96	Miscellaneous manufactured articles	166	177
97	Work of art, antiques	64	27
98	Project imports, baggage	690	425
	Total	153593	225752

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, 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 Rs. crore)

S. No.	Name of the Scheme	2007-08 (Provisional)	2008-09 (Estimated)
1	Advance License Scheme	17654	12389
2	EOU/EHTP/STP	18978	13401
3	EPCG	10521	7833
4	DEPB Scheme	5341	7092
5	SEZ	1804	2324
6	DFRC	607	111
7	Duty Free Import Authorization Scheme	1359	1268
8	Duty Free Entitlement Credit Certificate	740	418
9	Target Plus Scheme	923	1220
10	Vishesh Krishi and Gram Udyog Yojana (VKGUY)	538	2059
11	Served from India Scheme	642	531
12	Focus Market Scheme	41	408
13	Total	59149	49053
14	Less Revenue Foregone on account of incentive schemes mentioned at sl. nos. 8 to 12	2884	4636
15	Revenue Foregone on account of input tax neutralization or exemption schemes to be reduced from Gross Revenue Foregone on account of Customs Duty	56265	44417

N.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 2007-08 and 2008-09, in respect of both direct and indirect taxes, is presented in Table 12.

Table 12: Revenue Foregone in financial years 2007-08 and 2008-09 (in Rs. Crore)

	Revenue Foregone in 2007-08	Revenue Foregone as a per cent of Aggregate Tax Collection in 2007-08	Revenue Foregone in 2008-09	Revenue Foregone as a per cent of Aggregate Tax Collection in 2008-09
Corporate Income-tax	62199	10.50	68914	11.36
Personal Income-tax	38057	6.43	39553	6.52
Excise Duty	87468	14.77	128293	21.16
Customs duty	153593	25.95	225752	37.23
Total	341317	57.67	462512	76.28
Less Export credit related [sl. no. 15 of table 11]	56265	9.50	44417	7.32
Grand Total	285052	48.16	418095	68.95

Notes: (1) Aggregate Tax Collection refers to the aggregate of net direct and indirect tax collected by the Central Government.

(2) The figure of Aggregate Tax collection for 2007-08 and 2008-09 is based on actuals.

To conclude, the amount of revenue foregone continues to increase year after year. As a percentage of aggregate tax collection, revenue foregone remains high and shows an increasing trend as far as Corporate Income-tax is considered for the financial year 2007-08. In case of indirect taxes the trend shows a significant increase for the financial year 2008-09 due to reduction in customs and excise duties. Therefore, it is necessary to reverse this trend to sustain the high tax buoyancy.

APPENDIX

**Effective tax rate, inclusive of surcharge and education cess, of sample companies across industry
(financial year 2007-08) [sample size – 409573]**

Sl. No	Sector	Industry	Number of Companies	Profit before tax (in Rs. crore)	Total tax payable (in Rs. crore)	Effective tax rate (in %)
1	Manufacturing	Agro-based Industries	10,148	5,211	1,169	22
2	Manufacturing	Automobile and Auto parts	3,860	22,548	5,434	24
3	Manufacturing	Cement	671	13,814	2,900	21
4	Manufacturing	Diamond Cutting	415	947	207	22
5	Manufacturing	Drugs and Pharmaceuticals	4,970	15,669	2,623	17
6	Manufacturing	Electronics, including Computer Hardware	2,564	5,936	1,395	24
7	Manufacturing	Engineering goods	8,890	22,230	6,634	30
8	Manufacturing	Fertilizers, Chemicals and Paints	3,740	10,946	2,660	24
9	Manufacturing	Flour and Rice Mills	1,215	377	93	25
10	Manufacturing	Food Processing Units	2,341	2,827	714	25
11	Manufacturing	Marble and Granite	1,850	765	187	24
12	Manufacturing	Paper	1421	7,044	1,812	26
13	Manufacturing	Petroleum and Petrochemicals	702	78,158	16,387	21
14	Manufacturing	Power and Energy	2,385	35,298	5,787	16
15	Manufacturing	Printing and Publishing	2,456	2846	888	31
16	Manufacturing	Rubber	959	521	97	19
17	Manufacturing	Steel	4,566	27,952	6,910	25
18	Manufacturing	Sugar	251	4,077	122	3
19	Manufacturing	Tea and Coffee	953	1,009	162	16
20	Manufacturing	Textiles, Handlooms and Powerlooms	9,587	5,813	947	16
21	Manufacturing	Tobacco	307	426	104	25
22	Manufacturing	Tyre	166	1,659	362	22
23	Manufacturing	Vanaspati and Edible Oils	662	674	155	23
24	Manufacturing	Others	49,393	95,808	23,666	25
25	Trading	Chain Stores	726	262	60	23
26	Trading	Retailers	9,208	1,468	425	29
27	Trading	Wholesalers	15,624	5,536	1,406	25
28	Trading	Others	59,298	22,714	5,656	25
29	Commission Agents	General Commission Agents	39,444	10,844	287	26
30	Builders	Builders	13,028	6,538	1,456	22
31	Builders	Estate Agents	2,885	281	73	26
32	Builders	Property Developers	20,139	23,011	4,158	18
33	Builders	Others	13,454	2,966	571	19
34	Contractors	Civil Contractors	6,974	8,036	2,072	26
35	Contractors	Excise Contractors	23	5	1	20
36	Contractors	Forest Contractors	10	3	1	33
37	Contractors	Mining Contractors	458	1,285	268	21
38	Contractors	Others	6,590	4,476	1,397	31
39	Professionals	Chartered Accountants, Auditors, etc.	78	5	1	20

Sl. No	Sector	Industry	Number of Companies	Profit before tax (in Rs. crore)	Total tax payable (in Rs. crore)	Effective tax rate (in %)
40	Professionals	Fashion Designers	68	8	2	25
41	Professionals	Legal Professionals	205	21	8	40
42	Professionals	Medical professionals	1,027	165	43	26
43	Professionals	Nursing Homes	949	83	22	27
44	Professionals	Specialty Hospitals	701	224	54	24
45	Professionals	Others	4,257	797	250	31
46	Service	Advertisement Agencies	2,082	1,070	339	32
47	Service	Beauty Parlours	148	31	8	26
48	Service	Consultancy Services	11,055	11,314	1,928	17
49	Service	Courier Agencies	477	380	138	36
50	Service	Computer Training, Educational and Coaching Institutes	2,359	899	229	25
51	Service	Forex Dealers	508	48	14	30
52	Service	Hospitality Services	2,563	1,862	552	30
53	Service	Hotels	5,678	4,396	1,109	25
54	Service	IT Enabled Services, BPO Service Providers	7,181	16,816	2,559	15
55	Service	Security Agencies	1,048	247	83	34
56	Service	Software Development Agencies	9,172	23,475	2,922	12
57	Service	Transporters	3,383	5,710	1,195	21
58	Service	Travel Agents and Tour Operators	3,063	647	196	30
59	Service	Others	41,844	53,609	9,867	18
60	Financial Service	Banking Companies	327	62,093	18,054	29
61	Financial Service	Chit Funds	2554	211	64	30
62	Financial Service	Financial Institutions	316	7,161	2,074	29
63	Financial Service	Financial Service Providers	3,057	4,548	1,138	25
64	Financial Service	Leasing Companies	758	978	184	19
65	Financial Service	Money Lenders	452	1,409	461	33
66	Financial Service	Non-Banking Financial Companies	8,682	21,077	4,009	19
67	Financial Service	Share Brokers, Sub-brokers, etc.	3,785	9,529	2,224	23
68	Financial Service	Others	19,030	36,436	7,543	21
69	Entertainment Industry	Cable T.V Productions	218	134	36	27
70	Entertainment Industry	Film Distribution	306	141	31	22
71	Entertainment Industry	Film Laboratories	43	60	4	7
72	Entertainment Industry	Motion Picture Producers	394	350	96	27
73	Entertainment Industry	Television Channels	229	1,417	520	37
74	Entertainment Industry	Others	4,742	3,634	947	26
	Total		4,09,573	7,11,206	1,58,149	22