

**Government of India
Ministry of Finance
Department of Revenue**

**RAJYA SABHA
UN-STARRED QUESTION NO-1838
ANSWERED ON-05/08/2025**

TAX INCENTIVES AND REVENUE FOREGONE

1838 SHRI DIGVIJAYA SINGH:

SHRI NEERAJ DANGI

SHRI MUKUL BALKRISHNA WASNIK:

SMT. RANJEET RANJAN:

Will the Minister of FINANCE be pleased to state:

(a) the total revenue foregone due to tax exemptions, deductions and incentives provided to corporates and other taxpayers under various heads since Financial Year 2019, category-wise;

(b) the sector-wise and industry-wise breakup of such revenue foregone during this period; and

(c) whether Government has reviewed the effectiveness or impact of these incentives in terms of employment generation, capital investment, wage increases, or regional development, if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) & (b): Total Revenue loss on account of tax exemptions, deductions and incentives in respect of Direct Taxes:

Revenue Forgone from F.Y 2019-20 to 2023-24 (Direct Taxes) (In Rs. Crore)				
Financial Year	Major Tax Incentives for Corporate Taxpayers (A)	Major Tax Incentives for Non-Corporate Taxpayers (Firms/AOPs/BOIs) (B)	Major Tax Incentives for Individual HUF Taxpayers (C)	<u>Grand Total (A+B+C)</u>
2019-20	94109.83	8,043.07	1,55,429.45	2,57,582.35
2020-21	75,218.02	7,731.61	1,28,244.23	2,11,193.86
2021-22	96,892.39	9,018.68	1,68,566.30	2,74,477.37
2022-23	88,109.27	10,920.83	1,96,678.95	2,95,709.05
2023-24 (Projected)	98,999.57	12,270.64	2,20,988.47	3,32,258.68

Total Revenue loss on account of tax exemptions, deductions and incentives in respect of Indirect Taxes:

Revenue impact of tax incentives (Indirect Taxes)		
(In Rs. Crore)		
Year	Customs	Total
2019-20	79,114	79,114
2020-21	62,773	62,773
2021-22	37,680	37,680
2022-23	33,986	33,986
2023-24	37,252	37,252

(c): Phasing out the exemptions and incentives available to various taxpayers and simplifying the tax structure is the stated policy of the Government. Starting from the Finance Act, 2016, the corporate tax rates have been gradually reduced. Vide Taxation Laws (Amendment) Act, 2019, an option has been provided to corporates to pay tax at concessional rate of 22% if they do not avail specified deductions or incentives.

Taxation rates, exemptions and tax incentives in terms of employment generation, capital investment, wage growth, innovation or regional development are part of the overall fiscal policy of the Government which aims at holistic growth of the economy.
