Government of India
Ministry of Finance
Department of Revenue

RAJYA SABHA
UN-STARRED QUESTION NO-234
ANSWERED ON-21/07 /2026

TAX EXPENDITURE AND REVENUE FOREGONE

234. SHRI G.C. CHANDRASHEKHAR:

Will the Minister of FINANCE be pleased to state:

(a) the revenue foregone on account of customs, corporate income tax and direct tax incentives during financial years 2023-24 to 2025-26, sector-wise;

(b) whether Government has undertaken any cost-benefit analysis of such tax expenditures; and

(c) the sectors where such incentives have resulted in measurable investment and employment generation?

ANSWER

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

(a):

Revenue forgone on account of	**F.Y 2023-24 (Rs.in Cr.)**	**F.Y 2024-25 (Rs.in Cr.)**	**F.Y 2025-26 (Rs.in Cr.)**
Incentives in corporate income tax	86,810.05	98,095.36	Data not available as all returns for FY 2025-26 have not been filed.
Direct tax incentives to non-corporates such as Firms/AOPs/BOI etc.	11,785.55	13,317.67	
Direct tax incentives to Individuals/HUFs	1,52,006.28	1,71,767.09	
Net Duty Foregone (on account of Customs tariff concessions)	37,252	52,720	

(b) & (c): The Government regularly monitors and undertakes reviews to assess these tax expenditures. The policy approach has been to phase out deductions and exemption and replace them with a simplified, lower statutory tax regime (such as the concessional corporate tax rates). This shift has effectively broadened the tax base, reduced compliance burden and minimized tax litigation.

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.

*****