

## **STUDY OF INCOME EARNED FROM SHORT TERM CAPITAL GAINS IN INDIA**

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### **Abstract**

Short Term Capital Gains Income is the income from the transfer of short-term capital assets as computed in the return of income under the head Capital Gains. The Sum of Short Term Capital Gains Income is the sum of Short Term Capital Gains Income of all returns within the value range slab. The Average Short Term Capital Gains Income is the average Short Term Capital Gains Income within the value range slab i.e. sum of short term capital gains income divided by total number of returns within the value range slab. Research tried to examine the income earned by the taxpayers from short term capital gains in India. Study covered income earned from short term capital gains by the taxpayers particularly during the assessment year 2018-19.

Keywords: Short Term Capital Gains, Income, Taxpayers, Income Tax.

### **A) Introduction**

Short Term Capital Gains Income is the income from the transfer of short-term capital assets as computed in the return of income under the head Capital Gains. The Sum of Short Term Capital Gains Income is the sum of Short Term Capital Gains Income of all returns within the value range slab. The Average Short Term Capital Gains Income is the average Short Term Capital Gains Income within the value range slab i.e. sum of short term capital gains income divided by total number of returns within the value range slab.

### **B) Methodology**

- Research tried to examine the income earned by the taxpayers from short term capital gains in India.
- Research design used for study was descriptive and exploratory.
- Data was collected from secondary sources.
- Sources of data was websites of Income Tax and publications from Income Tax department, Government of India.
- Study covered income earned from short term capital gains by the taxpayers particularly during the assessment year 2018-19.

### C) Analysis and Inferences

**Table 1: Range of short-term capital gains of all taxpayers (AY 2018-19)**

| Range (in Rs.)                     | No. of Returns     | Sum of Short Term Capital Gains Income (Rs. in crores) | Average Short Term Capital Gains Income (Rs. in lakhs) |
|------------------------------------|--------------------|--|--|
| = 0                                | 5,72,07,566        | -  | -  |
| >0 and <=1,50,000                  | 12,52,273          | 3,792  | 0.30   |
| >1,50,000 and <= 2,00,000          | 51,185             | 887  | 1.73   |
| >2,00,000 and <= 2,50,000          | 35,072             | 785  | 2.24   |
| >2,50,000 and <= 3,50,000          | 43,193             | 1,274  | 2.95   |
| >3,50,000 and <= 4,00,000          | 14,158             | 530  | 3.74   |
| >4,00,000 and <= 4,50,000          | 11,343             | 481  | 4.24   |
| >4,50,000 and <= 5,00,000          | 9,463              | 449  | 4.75   |
| >5,00,000 and <= 5,50,000          | 7,637              | 400  | 5.24   |
| >5,50,000 and <= 9,50,000          | 32,983             | 2,360  | 7.16   |
| >9,50,000 and <= 10,00,000         | 2,288              | 223  | 9.75   |
| >10,00,000 and <=15,00,000         | 14,459             | 1,758  | 12.16  |
| >15,00,000 and <= 20,00,000        | 7,188              | 1,243  | 17.30  |
| >20,00,000 and <= 25,00,000        | 4,396              | 980  | 22.30  |
| >25,00,000 and <= 50,00,000        | 9,181              | 3,186  | 34.70  |
| >50,00,000 and <= 1,00,00,000      | 4,812              | 3,342  | 69.44  |
| >1,00,00,000 and <=5,00,00,000     | 4,394              | 9,338  | 212.52   |
| >5,00,00,000 and <=10,00,00,000    | 818                | 5,817  | 711.14   |
| >10,00,00,000 and <=25,00,00,000   | 569                | 8,745  | 1,536.83   |
| >25,00,00,000 and <=50,00,00,000   | 246                | 8,642  | 3,513.15   |
| >50,00,00,000 and <=100,00,00,000  | 137                | 9,353  | 6,826.92   |
| >100,00,00,000 and <=500,00,00,000 | 87                 | 17,075   | 19,626.74  |
| >500,00,00,000                     | 10                 | 8,796  | 87,955.90  |
| <b>Total</b>                       | <b>5,87,13,458</b> | <b>89,456</b>  |  |

Source: <https://incometaxindia.gov.in/>

Above table indicated the number of returns filled for income earned from short term gains by all taxpayers, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by all taxpayers from short term capital gain increased tremendously as the range of short term capital gain had increased.

**Table 2: Range of short-term capital gains of individuals (AY 2018-19)**

| Range (in Rs.)              | No. of Returns | Sum of Short Term Capital Gains Income (Rs. in crores) | Average Short Term Capital Gains Income (Rs. in lakhs) |
|-----------------------------|----------------|--|--|
| = 0                         | 5,38,85,755    | -  | -  |
| >0 and <=1,50,000           | 11,60,714      | 3,469  | 0.30   |
| >1,50,000 and <= 2,00,000   | 45,677         | 791  | 1.73   |
| >2,00,000 and <= 2,50,000   | 30,826         | 690  | 2.24   |
| >2,50,000 and <= 3,50,000   | 38,246         | 1,128  | 2.95   |
| >3,50,000 and <= 4,00,000   | 12,456         | 466  | 3.74   |
| >4,00,000 and <= 4,50,000   | 9,976          | 423  | 4.24   |
| >4,50,000 and <= 5,00,000   | 8,270          | 393  | 4.75   |
| >5,00,000 and <= 5,50,000   | 6,621          | 347  | 5.24   |
| >5,50,000 and <= 9,50,000   | 28,129         | 2,010  | 7.15   |
| >9,50,000 and <= 10,00,000  | 1,903          | 186  | 9.75   |
| >10,00,000 and <=15,00,000  | 11,757         | 1,427  | 12.14  |
| >15,00,000 and <= 20,00,000 | 5,567          | 963  | 17.30  |

|                                    |                    |               |          |
|------------------------------------|--------------------|---------------|----------|
| >20,00,000 and <= 25,00,000        | 3,298              | 735           | 22.29    |
| >25,00,000 and <= 50,00,000        | 6,376              | 2,190         | 34.35    |
| >50,00,000 and <= 1,00,00,000      | 2,769              | 1,889         | 68.22    |
| >1,00,00,000 and <= 5,00,00,000    | 1,653              | 3,164         | 191.38   |
| >5,00,00,000 and <= 10,00,00,000   | 153                | 1,085         | 709.11   |
| >10,00,00,000 and <= 25,00,00,000  | 55                 | 810           | 1,472.74 |
| >25,00,00,000 and <= 50,00,00,000  | 8                  | 315           | 3,932.04 |
| >50,00,00,000 and <= 100,00,00,000 | 10                 | 683           | 6,829.04 |
| <b>Total</b>                       | <b>5,52,60,219</b> | <b>23,163</b> |          |

Source: <https://incometaxindia.gov.in/>

Above table indicated the number of returns filled for income earned from short term gains by the individuals, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by the individuals from short term capital gain increased tremendously as the range of short term capital gain had increased.

**Table 3: Range of short-term capital gains of HUF [Hindu Undivided Family] (AY 2018-19)**

| Range (in Rs.)                    | No. of Returns   | Sum of Short Term Capital Gains Income (Rs. in crores) | Average Short Term Capital Gains Income (Rs. in lakhs) |
|-----------------------------------|------------------|--|--|
| = 0                               | 10,37,368        | -  | -  |
| >0 and <= 1,50,000                | 75,790           | 254  | 0.34   |
| >1,50,000 and <= 2,00,000         | 3,933            | 68   | 1.73   |
| >2,00,000 and <= 2,50,000         | 2,951            | 67   | 2.26   |
| >2,50,000 and <= 3,50,000         | 3,118            | 91   | 2.93   |
| >3,50,000 and <= 4,00,000         | 993              | 37   | 3.74   |
| >4,00,000 and <= 4,50,000         | 746              | 32   | 4.22   |
| >4,50,000 and <= 5,00,000         | 660              | 31   | 4.76   |
| >5,00,000 and <= 5,50,000         | 549              | 29   | 5.24   |
| >5,50,000 and <= 9,50,000         | 2,069            | 148  | 7.13   |
| >9,50,000 and <= 10,00,000        | 143              | 14   | 9.74   |
| >10,00,000 and <= 15,00,000       | 882              | 107  | 12.08  |
| >15,00,000 and <= 20,00,000       | 424              | 73   | 17.27  |
| >20,00,000 and <= 25,00,000       | 249              | 55   | 22.13  |
| >25,00,000 and <= 50,00,000       | 414              | 141  | 34.10  |
| >50,00,000 and <= 1,00,00,000     | 164              | 112  | 68.43  |
| >1,00,00,000 and <= 5,00,00,000   | 88               | 155  | 175.89   |
| >5,00,00,000 and <= 10,00,00,000  | 9                | 67   | 742.44   |
| >10,00,00,000 and <= 25,00,00,000 | 4                | 56   | 1,405.95   |
| <b>Total</b>                      | <b>11,30,554</b> | <b>1,537</b>   |  |

Source: <https://incometaxindia.gov.in/>

Above table indicated the number of returns filled for income earned from short term gains by the Hindu Undivided Family, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by the Hindu Undivided Family from short term capital gain increased tremendously as the range of short term capital gain had increased.

**Table 4: Range of short-term capital gains of firms (AY 2018-19)**

| Range (in Rs.)                     | No. of Returns   | Sum of Short Term Capital Gains Income (Rs. in crores) | Average Short Term Capital Gains Income (Rs. in lakhs) |
|------------------------------------|------------------|--|--|
| = 0                                | 12,60,909        | -  | -  |
| >0 and <=1,50,000                  | 4,868            | 19   | 0.40   |
| >1,50,000 and <= 2,00,000          | 395              | 7  | 1.73   |
| >2,00,000 and <= 2,50,000          | 328              | 7  | 2.23   |
| >2,50,000 and <= 3,50,000          | 462              | 14   | 2.97   |
| >3,50,000 and <= 4,00,000          | 149              | 6  | 3.76   |
| >4,00,000 and <= 4,50,000          | 155              | 7  | 4.25   |
| >4,50,000 and <= 5,00,000          | 135              | 6  | 4.74   |
| >5,00,000 and <= 5,50,000          | 101              | 5  | 5.24   |
| >5,50,000 and <= 9,50,000          | 551              | 39   | 7.10   |
| >9,50,000 and <= 10,00,000         | 33               | 3  | 9.77   |
| >10,00,000 and <=15,00,000         | 349              | 43   | 12.25  |
| >15,00,000 and <= 20,00,000        | 210              | 36   | 17.32  |
| >20,00,000 and <= 25,00,000        | 147              | 32   | 22.09  |
| >25,00,000 and <= 50,00,000        | 365              | 131  | 35.75  |
| >50,00,000 and <= 1,00,00,000      | 250              | 178  | 71.10  |
| >1,00,00,000 and <=5,00,00,000     | 247              | 514  | 208.06   |
| >5,00,00,000 and <=10,00,00,000    | 38               | 272  | 716.80   |
| >10,00,00,000 and <=25,00,00,000   | 23               | 336  | 1,460.37   |
| >25,00,00,000 and <=50,00,00,000   | 12               | 451  | 3,755.28   |
| >50,00,00,000 and <=100,00,00,000  | 6                | 451  | 7,514.73   |
| >100,00,00,000 and <=500,00,00,000 | 3                | 388  | 12,920.43  |
| <b>Total</b>                       | <b>12,69,736</b> | <b>2,944</b>   |  |

Source: <https://incometaxindia.gov.in/>

Above table indicated the number of returns filled for income earned from short term gains by the firms, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by the firms from short term capital gain increased tremendously as the range of short term capital gain had increased.

**Table 5: Range of short-term capital gains of AOP / BOI (AY 2018-19)**

| Range (in Rs.)              | No. of Returns | Sum of Short Term Capital Gains Income (Rs. in crores) | Average Short Term Capital Gains Income (Rs. in lakhs) |
|-----------------------------|----------------|--|--|
| = 0                         | 2,00,638       | -  | -  |
| >0 and <=1,50,000           | 1,020          | 4  | 0.38   |
| >1,50,000 and <= 2,00,000   | 93             | 2  | 1.73   |
| >2,00,000 and <= 2,50,000   | 86             | 2  | 2.23   |
| >2,50,000 and <= 3,50,000   | 114            | 3  | 2.92   |
| >3,50,000 and <= 4,00,000   | 34             | 1  | 3.78   |
| >4,00,000 and <= 4,50,000   | 31             | 1  | 4.26   |
| >4,50,000 and <= 5,00,000   | 33             | 2  | 4.73   |
| >5,00,000 and <= 5,50,000   | 48             | 3  | 5.24   |
| >5,50,000 and <= 9,50,000   | 185            | 14   | 7.44   |
| >9,50,000 and <= 10,00,000  | 19             | 2  | 9.77   |
| >10,00,000 and <=15,00,000  | 115            | 14   | 12.50  |
| >15,00,000 and <= 20,00,000 | 96             | 17   | 17.56  |

|                                     |                 |               |           |
|-------------------------------------|-----------------|---------------|-----------|
| >20,00,000 and <= 25,00,000         | 63              | 14            | 22.59     |
| >25,00,000 and <= 50,00,000         | 236             | 86            | 36.53     |
| >50,00,000 and <= 1,00,00,000       | 263             | 187           | 70.96     |
| >1,00,00,000 and <= 5,00,00,000     | 497             | 1,241         | 249.69    |
| >5,00,00,000 and <= 10,00,00,000    | 202             | 1,459         | 722.52    |
| >10,00,00,000 and <= 25,00,00,000   | 140             | 2,101         | 1,500.99  |
| >25,00,00,000 and <= 50,00,00,000   | 73              | 2,523         | 3,456.55  |
| >50,00,00,000 and <= 100,00,00,000  | 33              | 2,204         | 6,677.41  |
| >100,00,00,000 and <= 500,00,00,000 | 28              | 5,112         | 18,257.85 |
| >500,00,00,000                      | 1               | 607           | 60,697.60 |
| <b>Total</b>                        | <b>2,04,048</b> | <b>15,599</b> |           |

Source: <https://incometaxindia.gov.in/>

Above table indicated the number of returns filled for income earned from short term gains by the Association of Person or Body of Individuals, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by the Association of Person or Body of Individuals from short term capital gain increased tremendously as the range of short term capital gain had increased.

**Table 6: Range of short-term capital gains of companies (AY 2018-19)**

| Range (in Rs.)                      | No. of Returns  | Sum of ShortTerm Capital Gains Income (Rs. in crores) | Average Short Term Capital Gains Income (Rs. in lakhs) |
|-------------------------------------|-----------------|---|--|
| = 0                                 | 8,16,010        | -   | -  |
| >0 and <= 1,50,000                  | 9,843           | 45  | 0.46   |
| >1,50,000 and <= 2,00,000           | 1,084           | 19  | 1.74   |
| >2,00,000 and <= 2,50,000           | 881             | 20  | 2.24   |
| >2,50,000 and <= 3,50,000           | 1,252           | 37  | 2.99   |
| >3,50,000 and <= 4,00,000           | 526             | 20  | 3.75   |
| >4,00,000 and <= 4,50,000           | 434             | 18  | 4.24   |
| >4,50,000 and <= 5,00,000           | 364             | 17  | 4.75   |
| >5,00,000 and <= 5,50,000           | 318             | 17  | 5.23   |
| >5,50,000 and <= 9,50,000           | 2,045           | 149   | 7.28   |
| >9,50,000 and <= 10,00,000          | 190             | 19  | 9.74   |
| >10,00,000 and <= 15,00,000         | 1,355           | 166   | 12.29  |
| >15,00,000 and <= 20,00,000         | 887             | 153   | 17.28  |
| >20,00,000 and <= 25,00,000         | 639             | 144   | 22.47  |
| >25,00,000 and <= 50,00,000         | 1,787           | 637   | 35.67  |
| >50,00,000 and <= 1,00,00,000       | 1,364           | 975   | 71.46  |
| >1,00,00,000 and <= 5,00,00,000     | 1,906           | 4,256   | 223.32   |
| >5,00,00,000 and <= 10,00,00,000    | 413             | 2,913   | 705.35   |
| >10,00,00,000 and <= 25,00,00,000   | 345             | 5,408   | 1,567.48   |
| >25,00,00,000 and <= 50,00,00,000   | 150             | 5,260   | 3,506.65   |
| >50,00,00,000 and <= 100,00,00,000  | 86              | 5,883   | 6,840.50   |
| >100,00,00,000 and <= 500,00,00,000 | 54              | 11,269  | 20,868.75  |
| >500,00,00,000                      | 9               | 8,189   | 90,984.60  |
| <b>Total</b>                        | <b>8,41,942</b> | <b>45,614</b>   |  |

Source: <https://incometaxindia.gov.in/>

Above table indicated the number of returns filled for income earned from short term gains by the companies, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by the companies from short term capital gain increased tremendously as the range of short term capital gain had increased.

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