

MARKET SEGMENTATION

Tax consultancy firms

Analyzing the income tax services and firms in India and coming up with a feasible strategy to enter into the market targeting the segments that are most likely to use in a tax consultancy startup.

By,

Kishore Akash YS

“Two things are unavoidable in this world; death and taxes”

- **Benjamin franklin.**

Overview:

Market segmentation creates a subset of a market based on demographics, needs, priorities, common interests, and psychographic or behavioural criteria used to understand the target audience.

Companies that properly segment their market enjoy significant advantages. Organizations with great market segmentation strategies enjoyed a 10% higher profit than companies that did not do effective segmentation over 5 years.

Segmentation is one of the main tools for the further targeting process. In market segmentation, the market is viewed as heterogeneous and to further the segmentation of the market, it is broken down into a few smaller homogenous subsets of the same market-making analysis useful. The importance of market segmentation is that it makes it easier to focus marketing efforts and resources on reaching the most valuable audiences and achieving business goals. Market segmentation allows you to get to know your customers, identify what is needed in your market segment, and determine how you can best meet those needs with your product or service. This helps you design and execute better marketing strategies from top to bottom.

Benefits of Market segmentation:

- Creating stronger market messages.
- Identify the most effective marketing strategies.
- Design hyper-targeted ads.
- Attract and convert quality leads.
- Differentiate your brand from competitors.
- Build deeper customer affinity.
- Identify niche market opportunities.
- Stay focused.

As this project mainly focuses on **taxes** let's first get a clear understanding of **tax and services**.

Taxes:

A tax is a compulsory financial charge or some other type of levy imposed on a taxpayer by a governmental organization to fund government spending and various public expenditures. A failure to pay, along with evasion of or resistance to taxation, is punishable by law. Many assume that the taxes are coming modern but the first known taxation took place in **Ancient Egypt** around 3000 - 2800 BC.

HOW MUCH YOU PAY GOVT FOR OWNING A CAR...

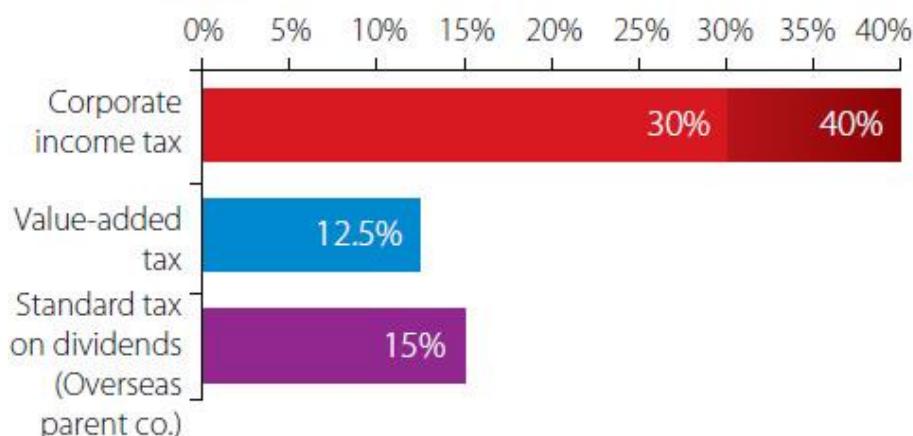
	Rs lakh
A To buy a car priced	15.00
B You need to earn	21.42
C Because Income tax takes away	6.42
D Of the car price, company & dealer get	9.80
E Because taxes take away	5.20
F If you drive the car for 1 lakh km you use fuel worth	7.55
G To fund that you need to earn	10.78
H Because Income tax takes away	3.23
I Of the fuel cost, taxes take away	3.92
Income you need to own & use car (B+G)	32.20
Total tax govt collected on your car ownership (C+E+H+I) comes to 58%	18.78

Assumptions: Annual salary between Rs 50 lakh and Rs 1 cr | Flat effective income tax rate of 30% (explains difference between **B** & **A** and **G** & **F**) | GST, road tax and tax on insurance explains **E** | Petrol Rs 83 a litre and total tax on it 52% (Mumbai rates) | Example is illustrative, exact tax liability will vary depending on car, mileage and taxable income (figures rounded off)

A simple stats say that compared to other countries in Asia Indian taxes are reduced far away from the olden days. Before GST Indians are paying taxes 10% more than other countries. With the base tax rate coming down to 22 per cent (15 per cent in case of new investments in manufacturing), the country now has one of the lowest corporate tax rates in the region. Singapore with a 17 per cent tax rate, and Vietnam, Thailand, Cambodia and Taiwan with 20 per cent base tax rates are the only countries offering lower rates than India.



Corporate Taxes in India



Market Overview:

Taxes in India:

The tax system in India traces its origin to the prehistoric periods. As to the researchers, the taxes paid by farmers and artisans in that era would be in the form of **agricultural produce, silver or gold**. The foundation of the modern tax system in India was conceptualized by **James Wilson** during the British rule in India in the year 1860s. However, post-independence the newly-established Indian Government then soldered the system to propel the economic development of the country.

After this period, the Indian tax structure has been subject to a **host of changes**. The tax structure in India is a **Three-tier federal structure**.

1. The Central Government - income tax, customs duties, central excise duty.

2. The State Government - the tax on agricultural income, professional tax, value-added tax, state excise duty, stamp duty.

3. The local municipal bodies - property tax, water tax, other taxes on drainage and small services.

When it comes to India, there are two kinds of taxes

- 1. Direct tax** - Paid directly to the government by an individual or entity.
- 2. Indirect tax** – Paid by an individual entity subsequently.

Problem Statement:

To analyze the demographic, psychographic, behavioural pattern for the tax consultancy organization providing multiple services and came up with a feasible strategy where we can end up with high profits in this Market. The following services are provided by our firm to the clients.

GOODS AND SERVICE TAX	
GST Registration	1,500.00
GST Return Filing - NIL	700.00
GST Return Filing - Taxable	2,000.00
GST Cancellation	800.00
GST Amendment	
INCOME TAX RETURN	
ITR (Income Tax Return) - Salary Income	1,500.00
ITR (Income Tax Return) - Business Income	2,500.00
Company/Firm Registration	
Proprietorship Firm Registration - 1 Person	3000
Partnership Firm Registration - 2 Person	4,000.00
Private Limited Company Registration - 2 Person	12,000.00
LLP Company Registration - 2 Person	7,000.00
One Person Company Registration - 1 Person	6,000.00
Other Business License	
Udyog Aadhar MSME Registration	1,000.00
FSSAI Registration	3,500.00
Shop Act Registration	3,000.00
Import Export Code (IEC) Registration	2,000.00
Trademark Logo Registration	7,000.00
Accounting & Loan Service	
Balance Sheet & Profit Loss Account	2,000.00
Monthly Accounting (Starts With)	3,000.00
Loan Projection Report (CMA Data)	3,000.00
Company or Firm Annual Filing Cost	
Pvt Ltd/OPC/LLP Annual (Nil Turnover)	12,000.00
Pvt Ltd/OPC/LLP Annual (Nil Turnover but have Business Expenses)	13,000.00
Pvt Ltd/OPC/LLP (Transactions with Turnover 10 lacs)	16,000.00

Details of the service:

1. Goods and Service tax:

GST is a multi-stage tax system that is comprehensive and applied to the sale of goods and services. The main aim of this taxation system is to curb the cascading effect of other Indirect taxes and it is applicable throughout India. We are providing a service for the GST registration at a nominal fee of only 1500/- as well as other deployable services such as taxable filling and cancellation at a suitable cost price.

Eligibility criteria for GST are as follows:

1. Those registered under the pre-GST law (Excise, Service Tax, VAT, etc.)
2. Businesses having turnover above the specified threshold limit (Rs. 40 lakh for small businesses and Rs. 20 lakh for hilly and northeastern states, as per recent regulations).
3. Non-resident Indian (NRI) taxable persons.
4. Those who pay tax under the reverse charge mechanism.
5. Entities involved in e-commerce or supply of goods and services via e-commerce operators.
6. All e-commerce aggregators.



2. Income tax return:

A taxpayer is **an individual or corporation who pay taxes annually on their earning** as per the provisions of the Income Tax Act. ...

Some of the necessary documents for tax filing are Form 16 which showcases Tax Deduction at Source via TDS certificate that is provided to you by your employer. Our firm charges an annual fee of Rs. 1500/- for the accountancy of salary income and Rs. 2500/- for the business income.

The following table gives clear statistics of income taxpayers in India in each of the categories.

Range (in INR)	No. of Returns	Sum of Salary Income (In Crore INR)	Average Salary Income (In Lakh INR)
< 0	-	-	-
= 0	2,96,80,223	-	-
>0 and <=1,50,000	19,81,749	18,095	0.91
>1,50,000 and <= 2,00,000	11,59,340	20,611	1.78
>2,00,000 and <= 2,50,000	16,01,553	36,740	2.29
>2,50,000 and <= 3,50,000	37,65,023	1,13,845	3.02
>3,50,000 and <= 4,00,000	20,08,938	75,298	3.75
>4,00,000 and <= 4,50,000	20,36,705	86,662	4.26
>4,50,000 and <= 5,00,000	20,58,243	97,768	4.75
>5,00,000 and <= 5,50,000	17,93,339	94,029	5.24
>5,50,000 and <= 9,50,000	81,55,335	5,80,567	7.12
>9,50,000 and <= 10,00,000	4,60,298	44,848	9.74
>10,00,000 and <=15,00,000	22,37,558	2,67,135	11.94
>15,00,000 and <= 20,00,000	7,19,882	1,23,831	17.20
>20,00,000 and <= 25,00,000	3,80,802	84,736	22.25
>25,00,000 and <= 50,00,000	5,04,258	1,68,129	33.34
>50,00,000 and <= 1,00,00,000	1,21,084	81,171	67.04
>1,00,00,000 and <=5,00,00,000	46,279	80,380	173.69
>5,00,00,000 and <=10,00,00,000	2,039	13,669	670.38
>10,00,00,000 and <=25,00,00,000	660	9,610	1,456.21
>25,00,00,000 and <=50,00,00,000	106	3,505	3,306.93
>50,00,00,000 and <=100,00,00,000	35	2,276	6,503.36
>100,00,00,000 and <=500,00,00,000	9	1,154	12,831.77
>500,00,00,000	-	-	-
Total	5,87,13,458	20,04,069	

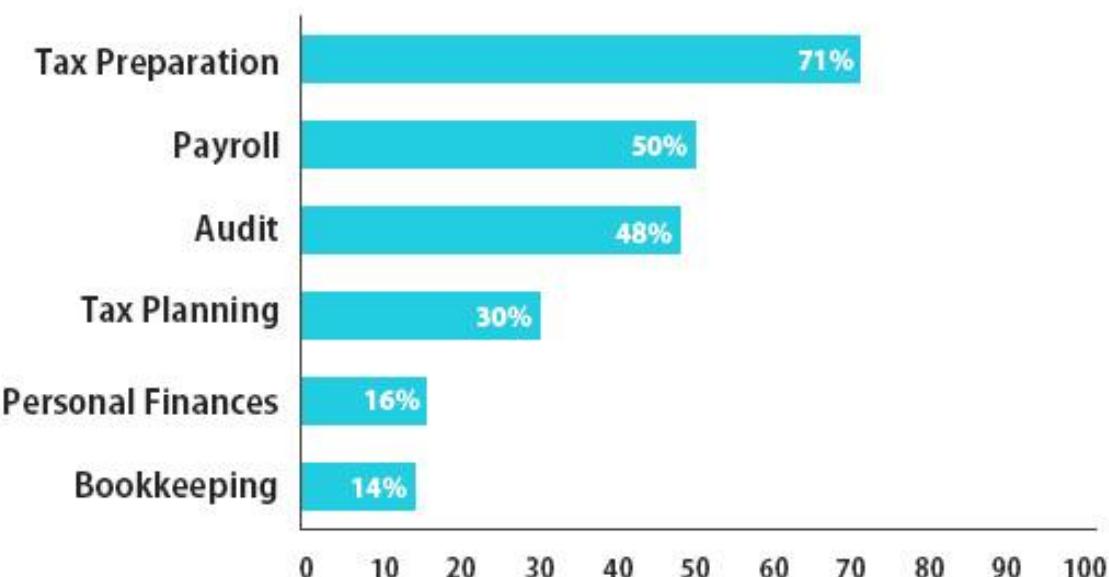
3. Company firm registration:

In India, where the numbers of firms are kept on growing with the new arrivals; need to get directed and managed by the services in firm registration in India. This registration will bring the firm with completely authentic and credentials in respect of quality and legal business form. We as an organisation mainly focus on providing a better service in legal business and startup registration at a better cost. This service is our primary service as there are so many startups in India we are focussing more on this startup guidance and investment features. We came up with a feasible fees structure for each category nominal investment. In addition, we are also providing private company registration which is more legal and ethical compared to online registration.

4. Accounting, Loan and other License services:

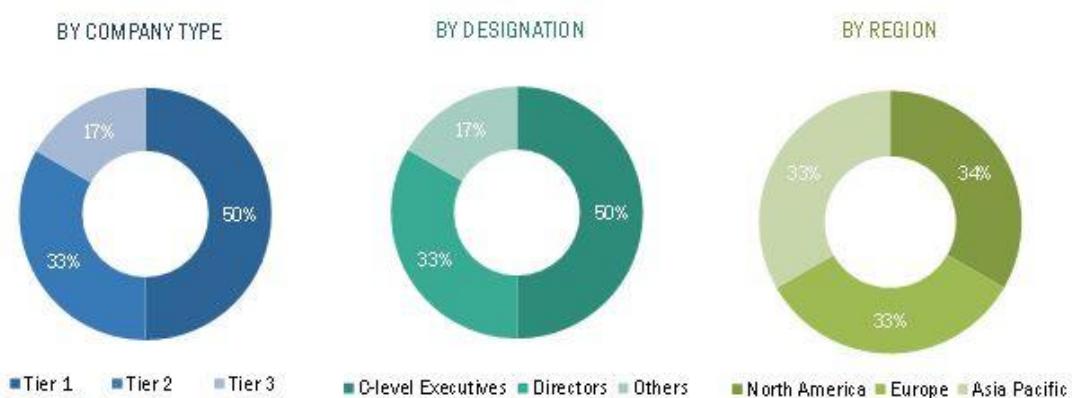
Accounting services typically **process payments and produce their reports faster than** a small staff can and keep the information timely for those who monitor costs, procurement and inventory. Another account that many services can administer is accounts receivable. In the accounting section, we are providing a balance sheet and profit or loss account maintenance service that is mandatory for tax reduction purposes. The service varies for each category income and also we are giving monthly accounting at a fee of 3000/- per month.

In addition to this, we are also giving various license registration services such as Udyog Aadhar MSME registration, FSSAI registration, shop act registration, Trademark logo registration and so on...



5. Annual filling cost:

Company Annual Filings refers to **the filing of Audited Annual Financial Accounts of the Company** along with Directors Report and Annual Return of Company with Registrar of Companies. These yearly filings are mandatory for every registered Company whether the Company carries on business or not. Cost varies on transaction over turnover per year.



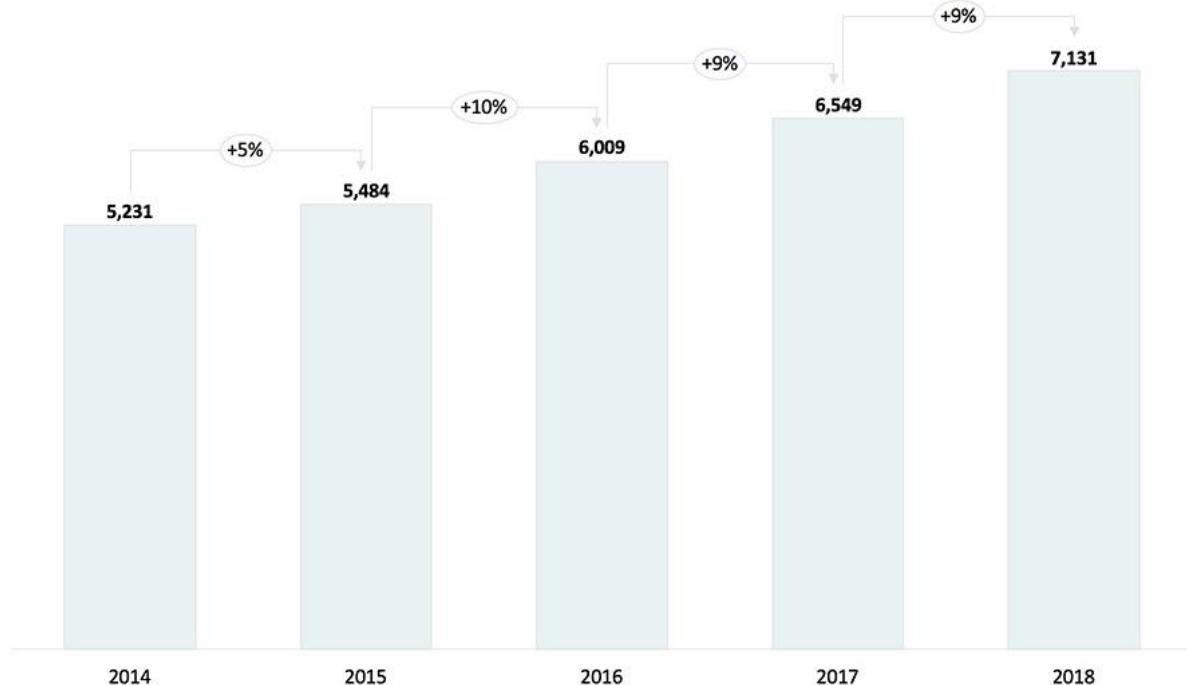
Market Dynamics:

Market dynamics is a factor that affects the supply and demand of the product in a market, are as important to economics as they are to practical business application. From the theory of economics, they would be supply, demand, price, quantity, and other specific terms. From a business standpoint, market dynamics are the factors that affect the business model which involves the applying party.

Rapid growth forecast of Indian tax consultancy market:

According to new research, the Indian tax consulting market grew 9% over the last year to hit revenues of approximately \$6.5 billion (Rs. 42,500 crores). The growth is expected to add another 9% till 2018 to reach a value of around \$7.1 billion (Rs. 46,500 crores), supported by the increase in demand for tax advice following the introduction of GST earlier this year. Each year the market size is increasing by a 9% percentage on average.

The Indian tax consulting market is due to record 9% growth over the next year, projected to cross the \$7 billion mark by 2018. This comes after a 9% jump since last year from approximately \$6 billion to \$6.5 billion, which was primarily driven by the aggressive expansion strategies of the Big Four firms in the country.



Market key players:

- PwC consultancy
- EY consultancy
- Deloitte consultancy
- KPMG consultancy

Market analysis:

We have four types of analytical techniques to analyze the market segmentation for the tax consultancy market.

1. Demographic analysis.
2. Psychographic analysis.
3. Behavioral analysis.
4. Geographic analysis.

Demographic analysis:

The demographic analysis gives a clear understanding of which this market majorly belongs. It will help us to answer whom we are focussing mainly on our demographic segments. It will help us to focus on the customer group who are income taxpayers and startup company owners. It is one of the most tactical parts. **We have to focus more on this kind of analysis which will help us to gain further more insights into the market and be able to achieve more profit as it is focussing individual data.** Demographic segments look at identifiable non-character traits such as :

- | | |
|------------|---------------------|
| ■ Age | ■ Gender |
| ■ Income | ■ Professional role |
| ■ Religion | ■ Level of income |

Psychographic analysis :

The psychographic analysis is focused on your customers' personalities and interests. Compared to demographic segmentation, this can be a harder set to identify. Good research is vital and, when done well, psychographic segmentation can allow for incredibly effective marketing that consumers will feel speaks to them on a much more personal level. **Here in our project, we don't need to focus on this analysis.** The reason behind it is because tax consultancy is not providing services based upon someone's interest. We are giving a service that is beneficial to his/her company and for also his/her financial assets.

Behavioural analysis:

Behavioural analysis is a form of customer segmentation that is based on patterns of behaviour displayed by customers as they interact with a company/brand or make a purchasing decision. It allows businesses to divide customers into groups according to their knowledge of, attitude towards, use of,

or response to a product, service or brand. This analysis is mostly helpful for e-commerce websites. **As we are focussing mainly on consultancy roles, the need for this analysis is not required.** We can do this study after we completed all important and necessary statistical analyses. But for now, we can leave it out.

Geographic analysis:

People in different parts of the world, display different characteristics. A marketing strategy created by dividing the target market into segments based on factors such as economics, food habits, clothing habits, languages, traditions and many other traits are known as geographic analysis. **It is very important to analyse the geographic segments because we can provide better service if we can figure out the location where we can gain the maximum margin of profit.**



SWOT analysis:

Strength:

- High Barriers to entry.
- Highly experienced owner-operator.
- Very high gross margins.
- Highly visible website.
- Limited startup risk.

Weakness:

- Competitors can offer similar products quickly.
- Limited flexibility in pricing.
- Limited startup costs.

Opportunities:

- Development of proprietary products.
- More number of startups needs consultancy at a nominal price.

Threats:

1. Insurance costs are continuously increasing.
2. Changes in regulations can impact the business.

Analysis and approach used for Segmentation:

Approach:

In our project, we don't need to go deeper into the data and build complicated models that are not required. **Instead, a greater EDA is enough to get a wide range of insights from the existing datasets.** The main purpose of EDA is to help look at data before making any assumptions. It can help identify obvious errors, as well as better understand patterns within the data, detect outliers or anomalous events, find interesting relations among the variables. So segmentation analysis is done using Exploratory data analysis.

Data sources:

We consider 3 datasets to perform exploratory data analysis :

1. The first set of data we are using are the **Indian GST revenue dataset** obtained directly from the Income-tax of India website. It gives a clear understanding of how each state is paying revenue for GST and how the growth is happening among them. This dataset helps us to understand the geographical analysis where the market for tax consultancy is in need.
2. The second most important dataset is the **Active companies list in India**. It gives us information such as Company name, status, class, category, sub-category, State of the company, Principle service provided by them, Authorized and paid-up capital for the company and so on. This helps us to analyze the market for future startups in different domains so that they can be able to achieve a higher mark on their profits. It is very useful for demographic analysis.
3. The third dataset is the **Indian public finance statistics**. It gives a clear understanding of how a person pays taxes to the government based on several terms and conditions. It reflects all the types of taxes in India and also we can able to understand how inflation affects tax rates year by year. It also helps us to understand the demographic segmentation of individual taxpayers.

Packages:

- Pandas
- Numpy
- Matplotlib
- Seaborn
- Plotly
- Plotly.express

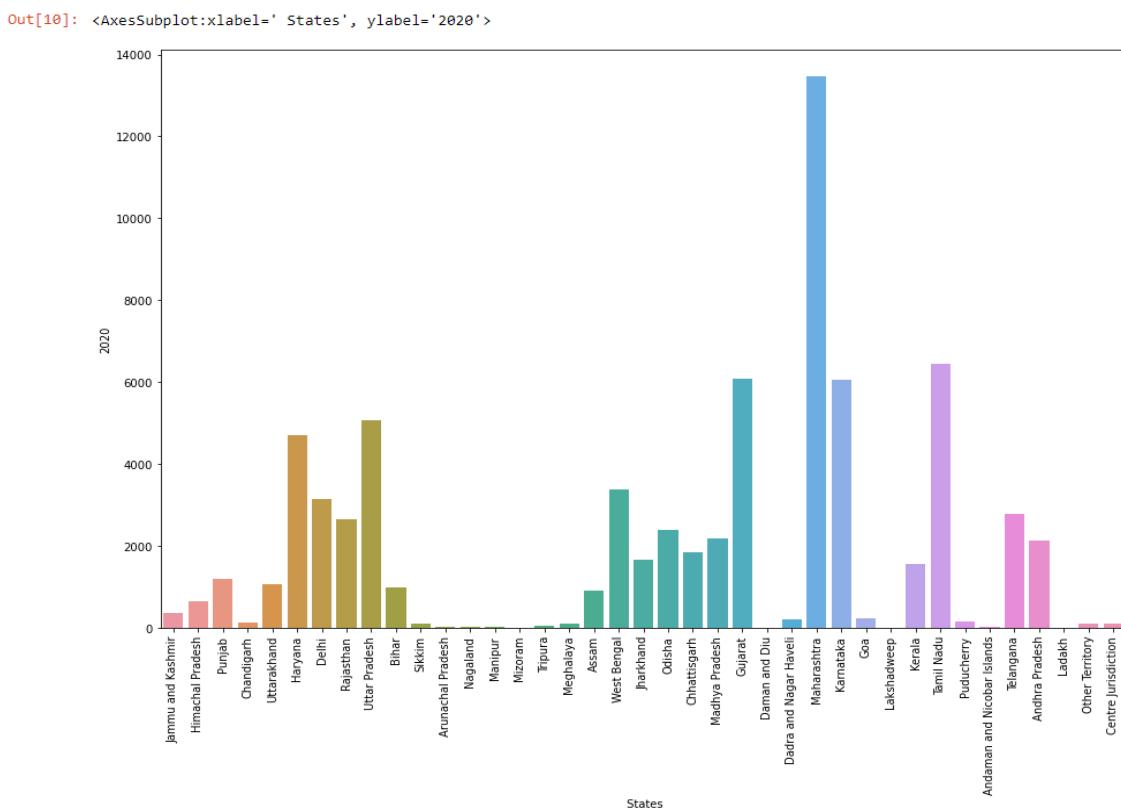
1. Service on GST:

Exploratory data analysis:

GST Registration is a process by which a taxpayer gets himself registered under GST. Once a business is successfully registered, a unique registration number is assigned to them known as the **Goods and Services Tax Identification Number** (GSTIN). These mainly focus on startups and business commodities where many new companies are registered in that particular domain. Let us undergo a quick survey of how GST revenue effects before and after CoVid-19 in India.

The gross GST revenue collected in September 2021 is **₹ 1,17,010 crore** of which CGST is **₹ 20,578 crore**, SGST is **₹ 26,767 crore**, IGST is **₹ 60,911 crore** (including ₹29,555 crores collected on import of goods) and Cess is **₹ 8,754 crores** (including ₹ 623 crores collected on import of goods). The total revenue of the Centre and the States after regular settlements in September 2021 is ₹ 49,390crore for CGST and ₹ 50,907 crores for the SGST.

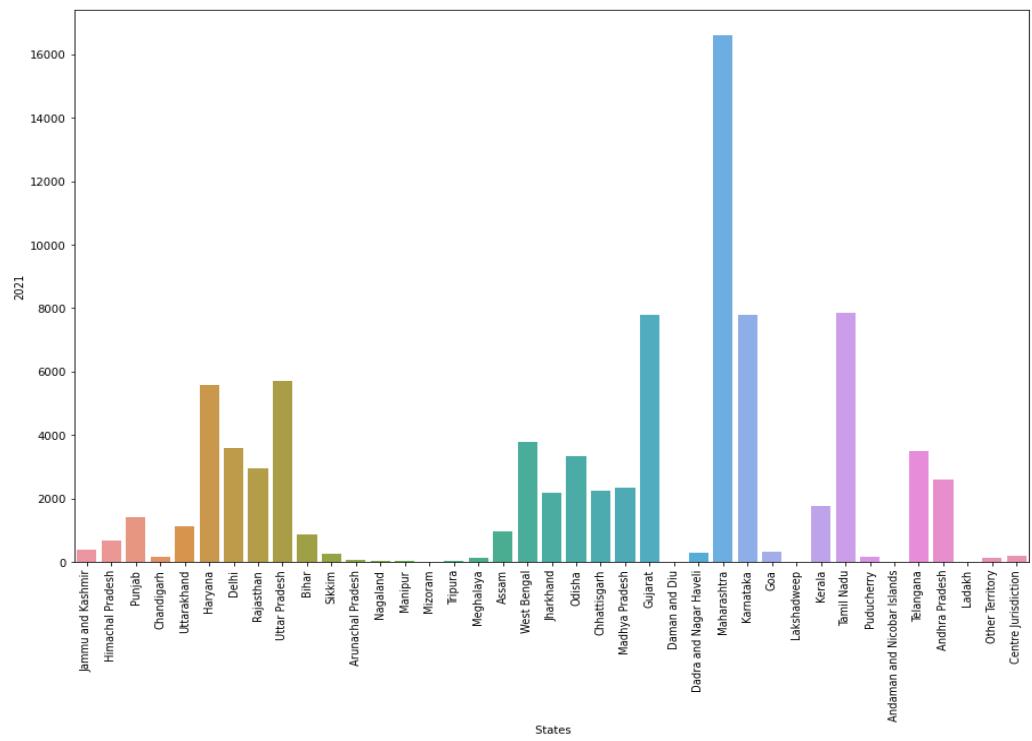
Geographical analysis:



The revenues for September **2021** are **23% higher** than the GST revenues in the same month last year. During the month, revenues from import of goods were **30%** higher and the revenues from the domestic transaction (including import of services) are **20%** higher than the revenues from these sources during the same month last year. The revenue for September 2020 was,

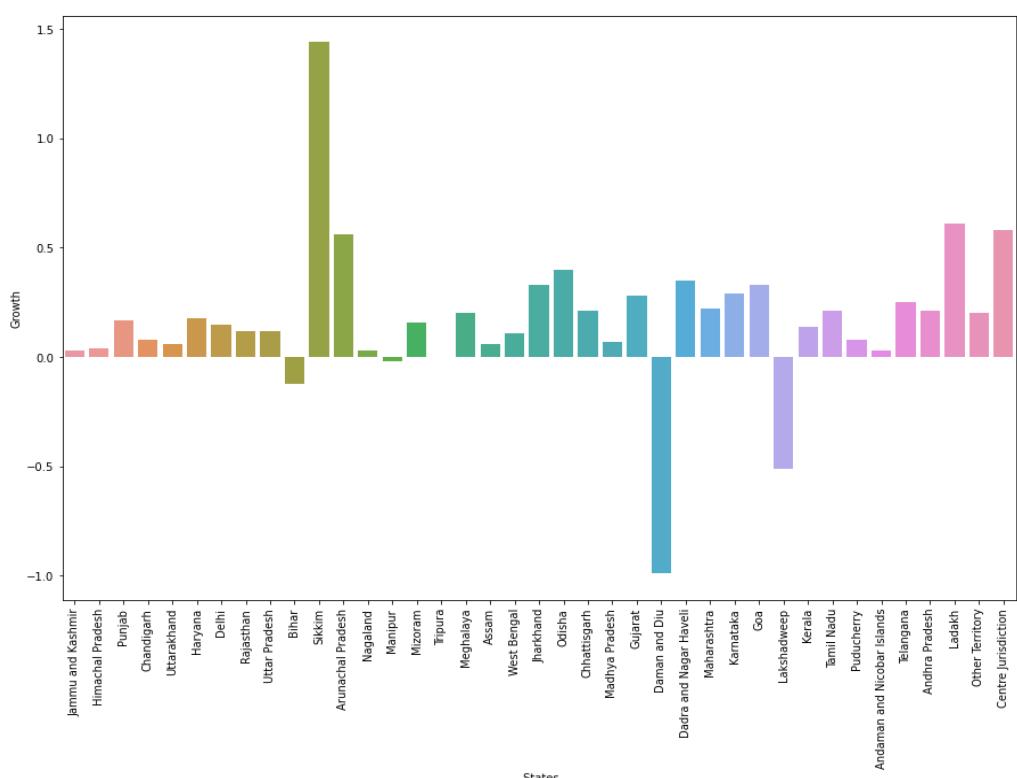
in itself at a growth of 4% over the revenue of September 2019 of ₹ 91,916 crores.

Out[11]: <AxesSubplot:xlabel=' States', ylabel='2021'>



The average monthly gross GST collection for the second quarter of the current year has been ₹ 1.15 lakh crore, which is 5% higher than the average monthly collection of ₹ 1.10 lakh crore in the first quarter of the year. It is expected that the positive trend in the revenues will continue and the second half of the year will post higher revenues. The Centre had also released GST compensation of Rs. 22,000 crore to States to meet their GST revenue gap.

Out[12]: <AxesSubplot:xlabel=' States', ylabel='Growth'>



2. Company firm registration:

Data Preprocessing:

We are going to further extend our analysis by doing EDA for all the Companies that are registered in India. We have taken only the companies that are currently active. We have got around 1.2 million companies both private and government-supported in our dataset. It has some basic details such as the Name of the company, Status, Class, Category, Sub-Category, State where the company is registered, Authorized and Paid-up capital for the company and finally the principal service provided by them. By analysing this dataset we can able to do demographic segmentation.

At first, the data is preprocessed by checking the columns and first and last 5 rows of the dataset.

Demographic analysis of Company firm registration

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The dataset has around 1190100 rows and 9 columns. Head and tail functions are used to display the top 5 and bottom 5 rows in the dataset.

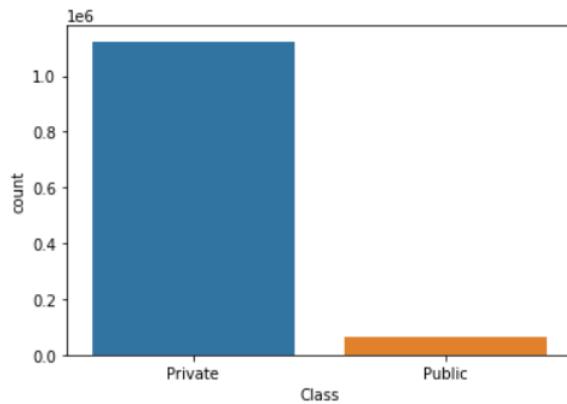
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Out[14]:	<table border="1"> <thead> <tr> <th></th><th>Company_name</th><th>Status</th><th>Class</th><th>Category</th><th>Sub_category</th><th>State</th><th>Authorized_cap</th><th>Paidup_cap</th><th>Principal_service</th></tr> </thead> <tbody> <tr> <td>1190095</td><td>OKUSA AUTOMOBILES PRIVATE LIMITED</td><td>ACTV</td><td>Private</td><td>Company limited by Shares</td><td>Non-govt company</td><td>Nagaland</td><td>25000000.0</td><td>22500000.0</td><td>Wholesale and retail trade repair of motor veh...</td></tr> <tr> <td>1190096</td><td>YEPTHOMI MOTORS PRIVATE LIMITED</td><td>ACTV</td><td>Private</td><td>Company limited by Shares</td><td>Non-govt company</td><td>Nagaland</td><td>30000000.0</td><td>21000000.0</td><td>Wholesale and retail trade repair of motor veh...</td></tr> <tr> <td>1190097</td><td>VERTEX AUTOMOTIVE PRIVATE LIMITED</td><td>ACTV</td><td>Private</td><td>Company limited by Shares</td><td>Non-govt company</td><td>Nagaland</td><td>5000000.0</td><td>10000.0</td><td>Wholesale and retail trade repair of motor veh...</td></tr> <tr> <td>1190098</td><td>NASHA TOYS PVT LTD</td><td>ACTV</td><td>Private</td><td>Company limited by Shares</td><td>Non-govt company</td><td>Nagaland</td><td>5000000.0</td><td>60000.0</td><td>Wholesale and retail trade repair of motor veh...</td></tr> <tr> <td>1190099</td><td>NAGA MART PRIVATE LIMITED</td><td>ACTV</td><td>Private</td><td>Company limited by Shares</td><td>Non-govt company</td><td>Nagaland</td><td>500000.0</td><td>100000.0</td><td>Real estate renting and business activities</td></tr> </tbody> </table>		Company_name	Status	Class	Category	Sub_category	State	Authorized_cap	Paidup_cap	Principal_service	1190095	OKUSA AUTOMOBILES PRIVATE LIMITED	ACTV	Private	Company limited by Shares	Non-govt company	Nagaland	25000000.0	22500000.0	Wholesale and retail trade repair of motor veh...	1190096	YEPTHOMI MOTORS PRIVATE LIMITED	ACTV	Private	Company limited by Shares	Non-govt company	Nagaland	30000000.0	21000000.0	Wholesale and retail trade repair of motor veh...	1190097	VERTEX AUTOMOTIVE PRIVATE LIMITED	ACTV	Private	Company limited by Shares	Non-govt company	Nagaland	5000000.0	10000.0	Wholesale and retail trade repair of motor veh...	1190098	NASHA TOYS PVT LTD	ACTV	Private	Company limited by Shares	Non-govt company	Nagaland	5000000.0	60000.0	Wholesale and retail trade repair of motor veh...	1190099	NAGA MART PRIVATE LIMITED	ACTV	Private	Company limited by Shares	Non-govt company	Nagaland	500000.0	100000.0	Real estate renting and business activities
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As this data is already preprocessed from a dataset, there is no chance of missing values in the dataset. So there is no need of performing missing value treatment. Further proceeding we can directly get into the analysis part.

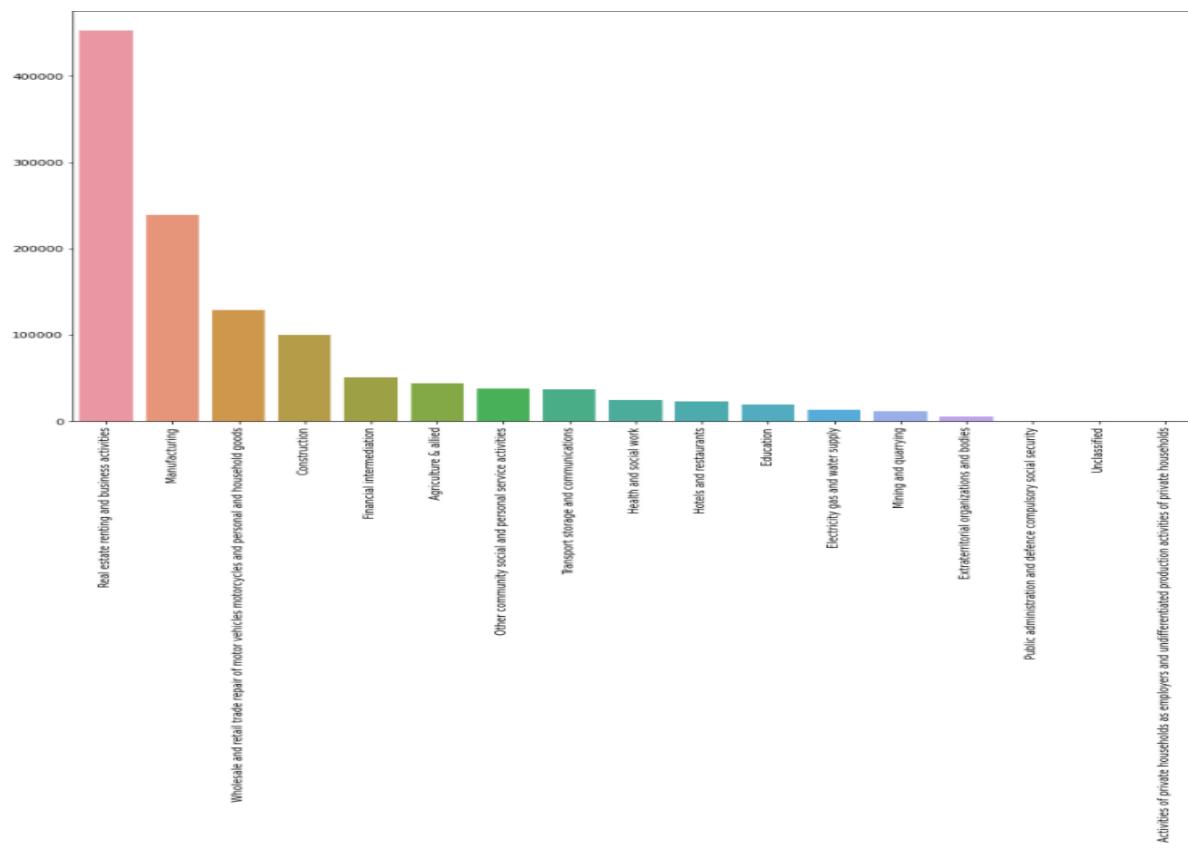
Exploratory data analysis:

We have only two classes, Private and Public. In India very few public sector companies are present. Whereas there is a huge market for private sector companies. More than 1 million active companies are Private supported. In this most of the companies are startups and they require high financial support.

```
In [18]: sns.countplot(df2['Class'])  
Out[18]: <AxesSubplot:xlabel='Class', ylabel='count'>
```

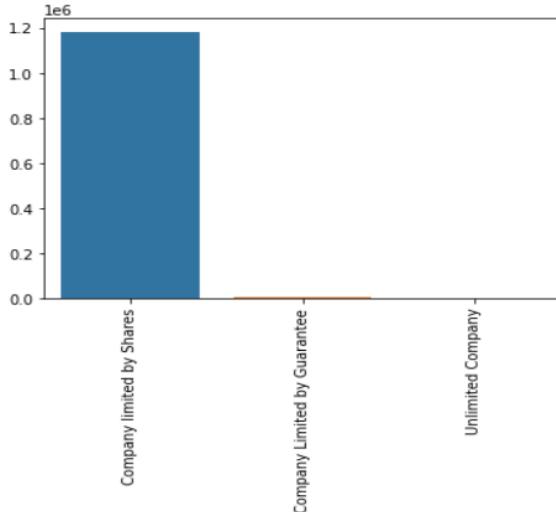


Further discussing, We can see the principal services provided by most of the companies are real estate renting and household handling activities. The reason is nowadays the population is increasing so there is a need for the development of households in urban areas. So real estate is the best source of income. More than 400k companies are registered under this service followed by Manufacturing and production in goods.



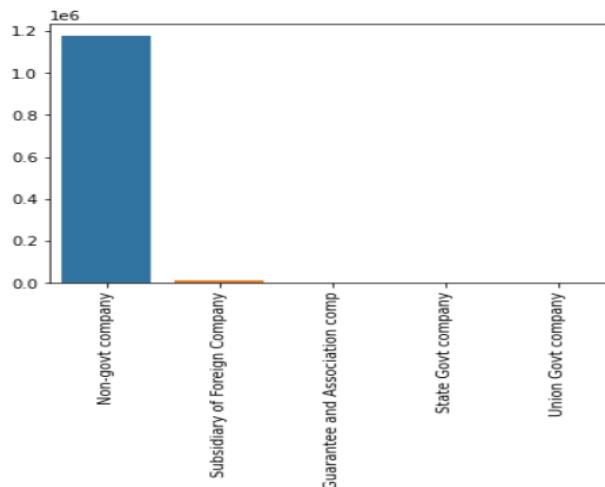
Next moving on to the analysis of the category, We have 3 kinds of the category but are not limited to companies that are supported by shares, Companies that are supported by the guarantee of the venture capitalists and finally the companies that are owned by a person. More than 1 million active companies are supported by shares. So there is a high chance for the consultancy market to support them by advising investment strategies and also them to get various business licenses.

```
In [20]: ab2 = df2['category'].value_counts()  
sns.barplot(ab2.index,ab2.values)  
plt.xticks(rotation=90)  
plt.show()
```

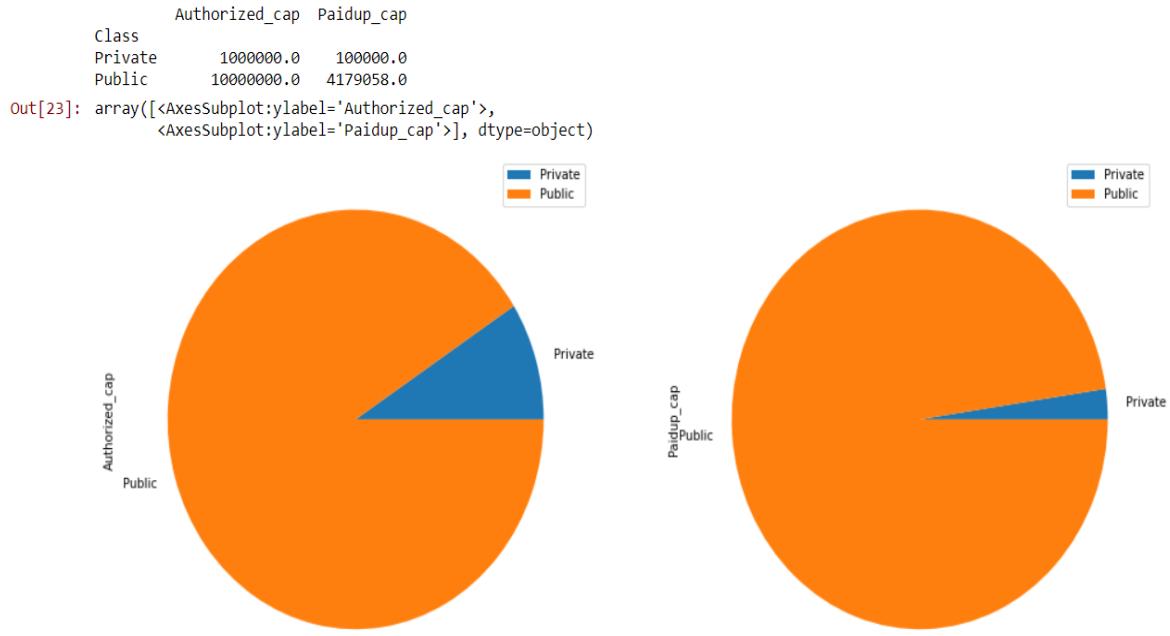


The sub-category of the companies is used to determine how the companies are fund supported. From the previous analysis, It is clear that most of them are non-government companies and only a few companies are state and union government-supported. Foreign angel investors are also a part of the company shareholding positions. Companies like HP, Benz are registered in India with the support of foreign subsidiary investors.

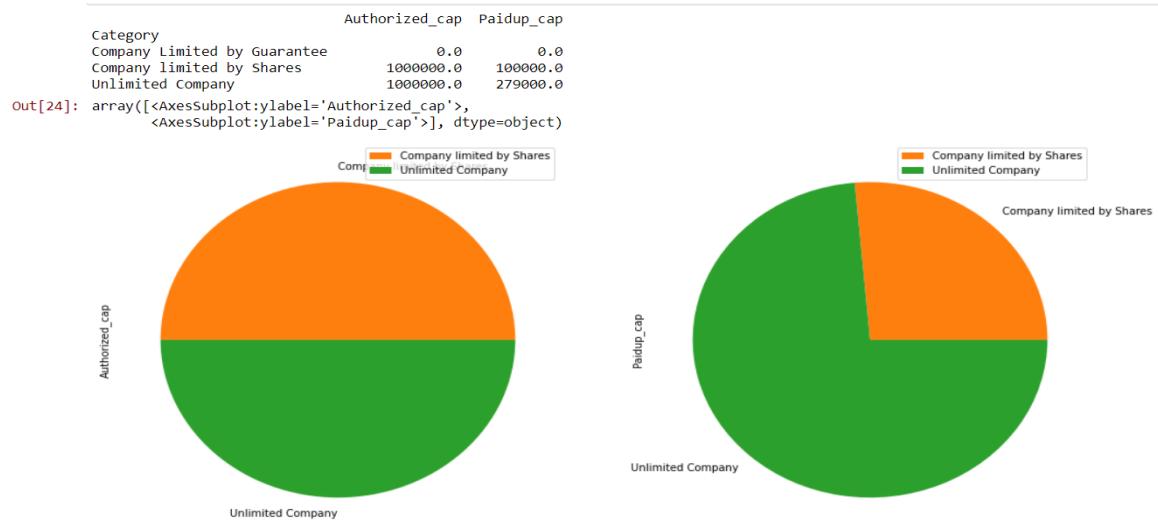
```
In [21]: ab3 = df2['Sub_category'].value_counts()  
sns.barplot(ab3.index,ab3.values)  
plt.xticks(rotation=90)  
plt.show()
```



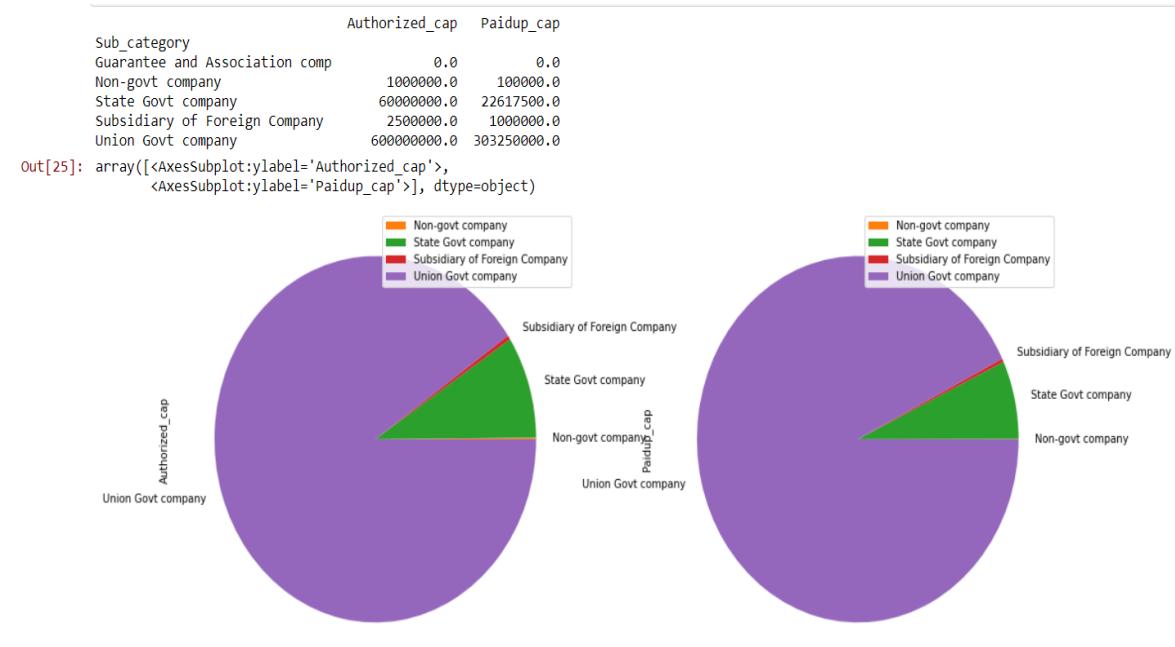
Authorized capital is the maximum value of the shares that a company is legally authorized to issue to the shareholders. Whereas, paid-up capital is the amount that is paid by the shareholders to the company. Compared to private companies, Public sector companies are authorizing high capital which means that they are providing more fundings compared to other non-government companies. The simple pie chart explains clearly how this capital investment changes concerning classes.



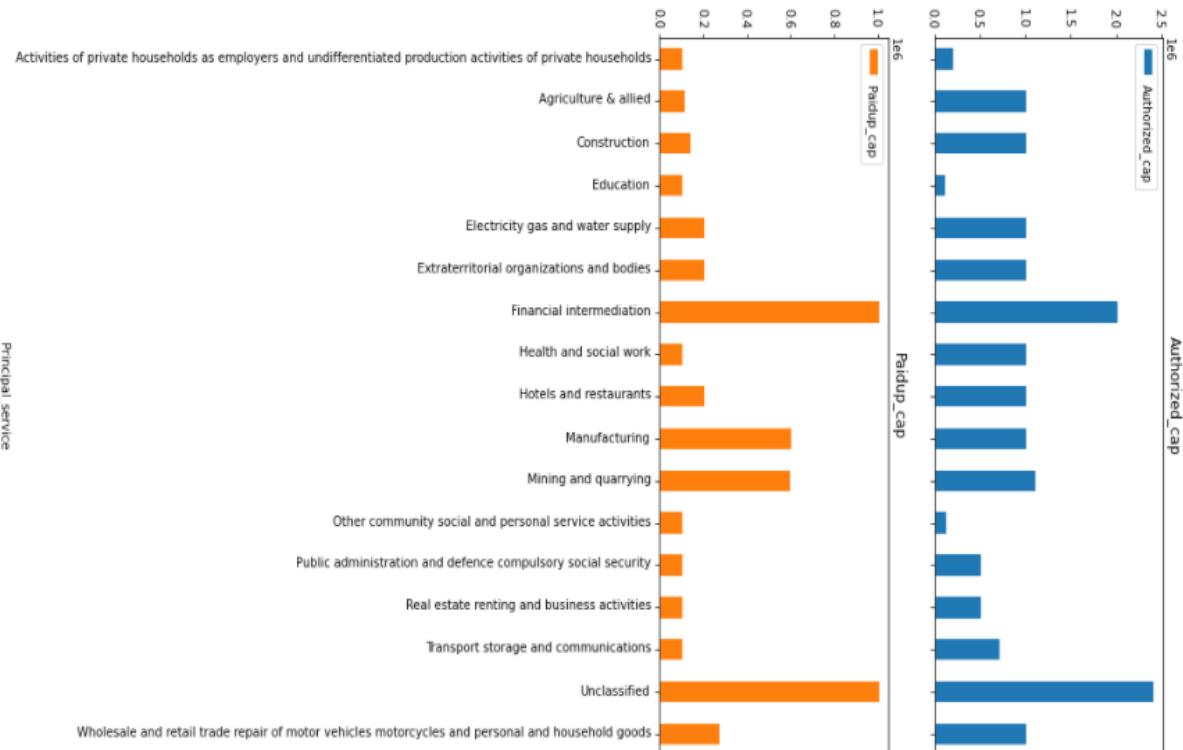
Analysing the category wise capital, unlimited companies are authorising more capital compared to share limited companies. The average paid-up capital for an unlimited company is around 300k and for a share limited company is only 100k. But there is a thing to consider that paid-up capital should not be more than authorized capital. So these companies require consultancy where we can reduce their paid-up capital.



Union government companies are the companies where a majority of the stocks are handled by PSU. Here non-government companies have a very low amount of authorized capital compared to union governments. They are in safe hands with perfectly balanced authorized and paid-up capitals.

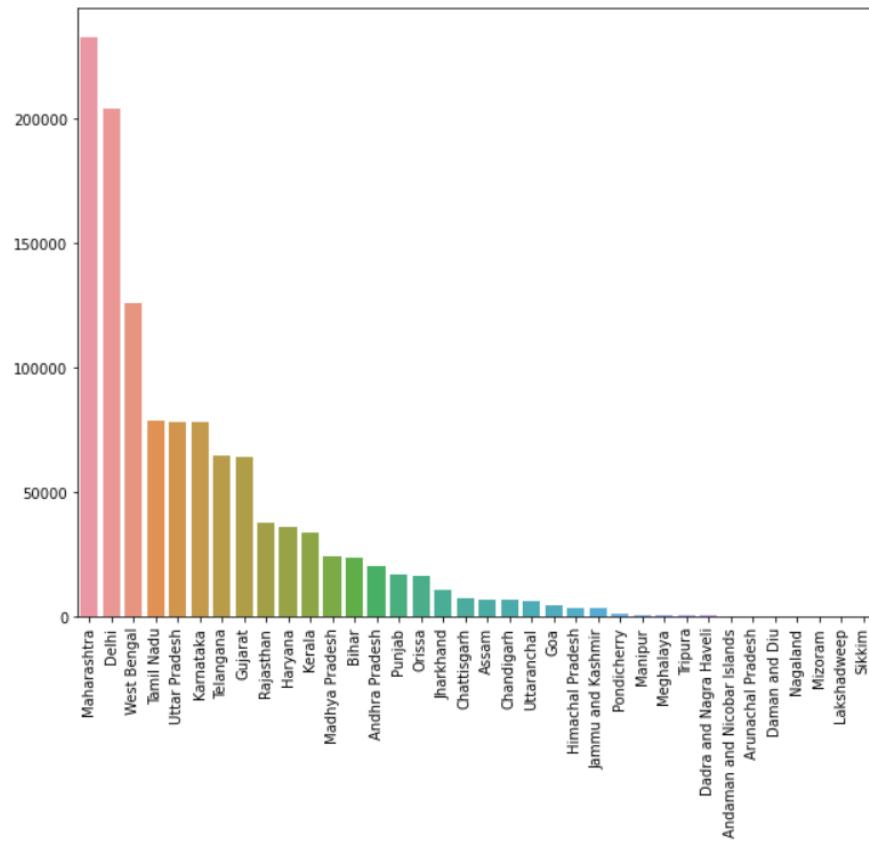


Principal services such as financial intermediation, mining and manufacturing have more equity capital compared to other services. Transporting services have a 7:1 ratio of paid-up capital used. The graph shows that unclassified services mean that they are minimal multivalued services are using high authorized capital and they are also using less amount of paid-up capital.

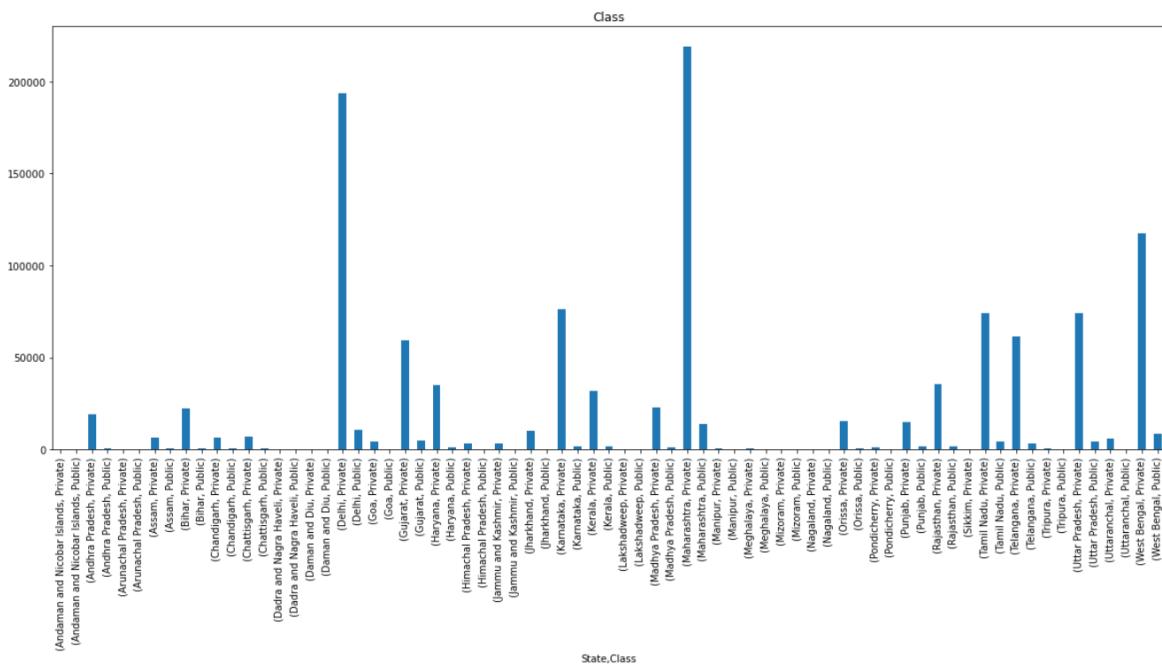


Geographical analysis:

Fortune India 500 Companies are ranked based on revenue and total income for the financial year. Here are the stats for the top companies of India by revenue of Fortune India 500, Including financial services, IT sector, gold retailer, oil and gas corporation and service providers. Mumbai is the wealthiest city in India with the highest number of millionaires and billionaires, also one of the top ten centres of commerce in the world. The city houses financial and nuclear institutes, multinational corporations, corporate industry, IT parks and Bollywood.



The chart below gives a clear view of how classes are separated by state.



3. Income tax return and other services:

The taxation system in India is such that the taxes are levied by the **Central Government** and the **State Governments**. Some minor taxes are also levied by the local authorities such as the Municipality and the Local Governments. Over the last few years, the Central and many State Governments have undertaken various policy reforms and process simplification towards great predictability, fairness and automation. This has consequently led to India's meteoric rise to the top 100 in the World Bank's Ease of Doing Business (EoDB) ranking in 2019 as India jumps 79 positions from 142nd (2014) to 63rd (2019) in 'World Bank's Ease of Doing Business Ranking 2020'. The Goods & Services Tax (GST) reform is one such reform to ease the complex multiple indirect tax regime in India.

Data Preprocessing:

Using the header and tail functions we can have a glance at how the data has been stored. It has around 50 rows and 49 columns. As this dataset is already preprocessed there is no chance for redundancy in the data. It gives the revenue information of all the taxes paid by Indian citizens year wise.

Analysis of Public finance in India

In [29]: df3.head()

Out[29]:

	TAX REVENUE	DIRECT TAXES	Corporation tax	Taxes on income	Estate duty	Interest tax	Wealth tax	Gift tax	Land revenue	Agricultural tax	...	Fiscal Services	General Services	Social & Community Services	Economic Services	Ext gra
Heads of Receipts																
1990-91	87723.28	12260.11	5335.26	5377.10	3.07	-0.86	231.17	3.38	603.47	169.44	...	563.41	2464.69	660.99	2402.70	585
1995-96	175259.40	35778.25	16487.12	15591.81	0.39	1170.05	74.16	11.4	1327.34	142.27	...	1039.23	8987.61	1213.67	5848.61	113
1996-97	200055.73	41061.69	18566.62	18234.01	0.06	1712.39	77.44	10.3	1076.62	103.24	...	879.42	6643.45	1335.82	6197.39	118
1997-98	213065.06	42946.06	20016.00	17100.60	0.25	1205.18	113.03	9.08	1092.00	182.01	...	873.57	8026.54	1842.99	6779.68	101
1998-99	233017.88	49120.58	24529.11	20240.32	-0.07	1263.82	162.04	9.96	1033.27	241.16	...	873.00	7364.99	1927.80	7379.34	987

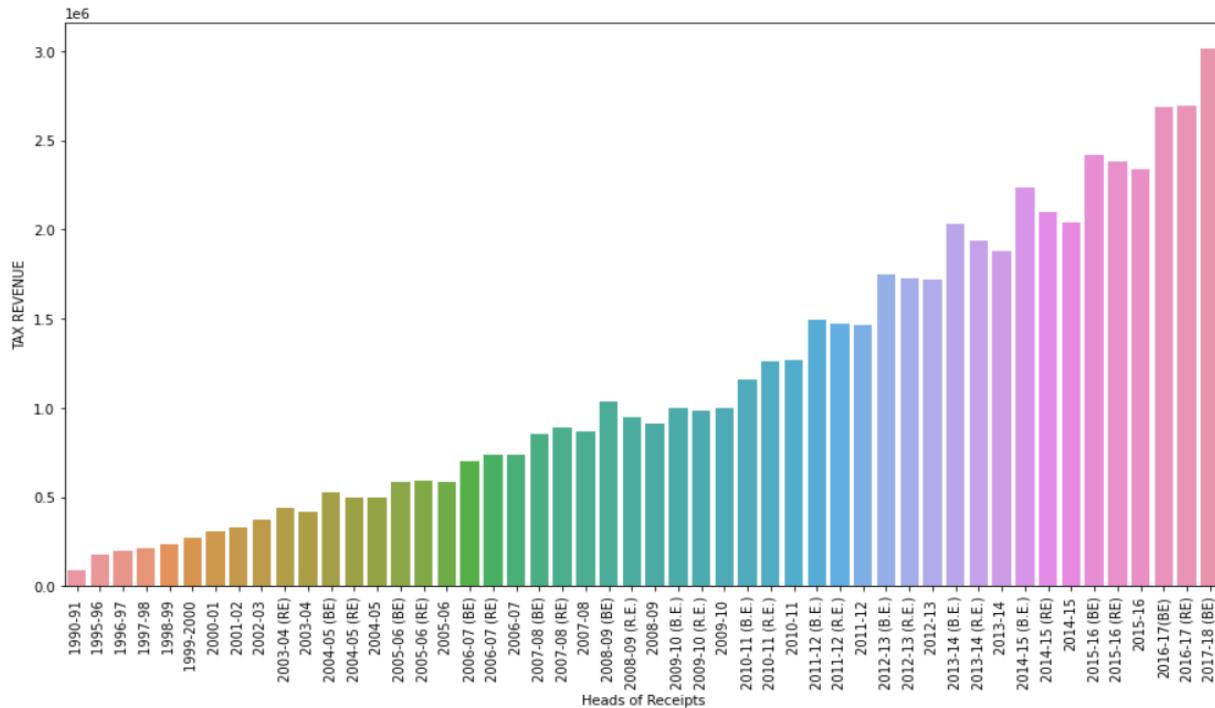
In [30]: df3.tail()

Out[30]:

	TAX REVENUE	DIRECT TAXES	Corporation tax	Taxes on income	Estate duty	Interest tax	Wealth tax	Gift tax	Land revenue	Agricultural tax	...	Fiscal Services	General Services	Social & Community Services	Economic Services	Ext grar
Heads of Receipts																
2015-16 (RE)	2384421.0	763454.0	452970.0	291653.0	0	0	0.0	0	11318.0	108.0	...	103.0	46085.0	35602.0	98750.0	2937
2015-16	2335483.0	752231.0	453228.0	280323.0	1	5	1079.0	0	10798.0	99.0	...	630.0	47053.0	35376.0	133001.0	1881
2016-17(BE)	2684384.0	862077.0	493924.0	345776.0	0	0	0.0	0	14090.0	116.0	...	103.0	58342.0	47626.0	150035.0	2862
2016-17 (RE)	2691449.0	859481.0	493924.0	345779.0	0	0	0.0	0	12109.0	102.0	...	658.0	51835.0	47275.0	194049.0	2882
2017-18 (BE)	3011928.0	996185.0	538745.0	433494.0	0	0	0.0	0	15543.0	113.0	...	660.0	55678.0	38647.0	182547.0	3060

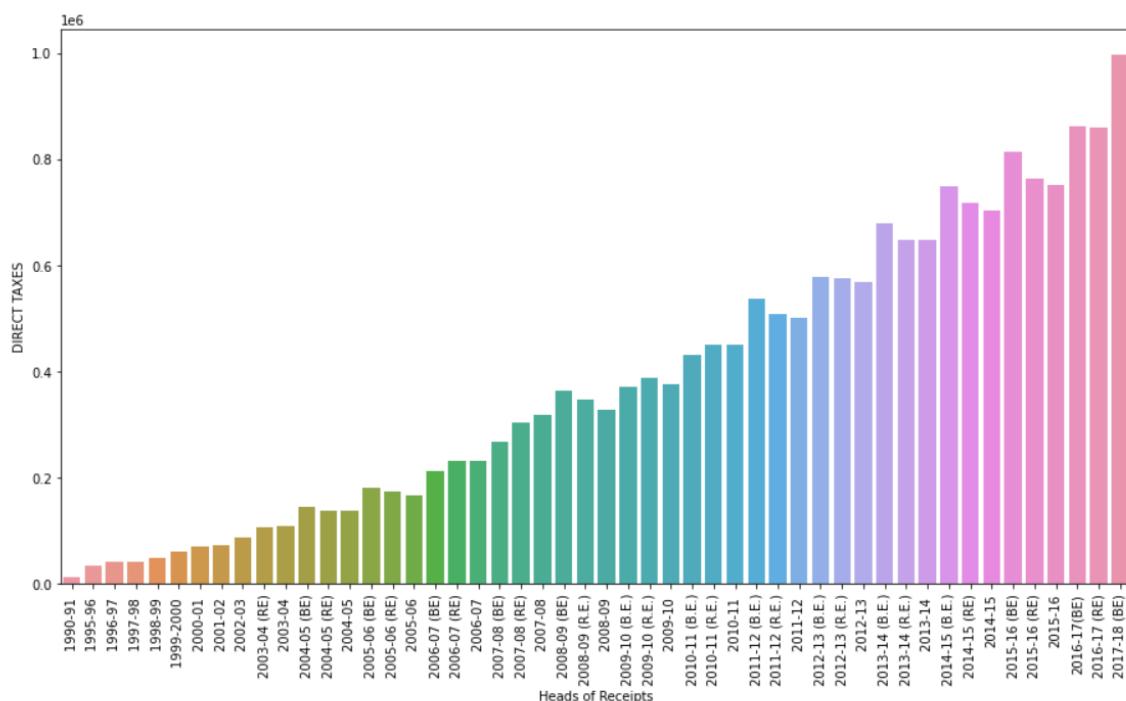
Tax revenue:

Tax revenue is the income that is gained by governments through taxation. Taxation is the primary source of government revenue. Revenue may be extracted from sources such as individuals, public enterprises, trade, royalties on natural resources and/or foreign aid. Tax revenue is the total amount of tax collected from all forms of taxes such as direct-tax, indirect-tax etc...



The chart shows how inflation affected in raise of tex revenues. Moving on further we will be analysing the direct, indirect and non-revenue taxes.

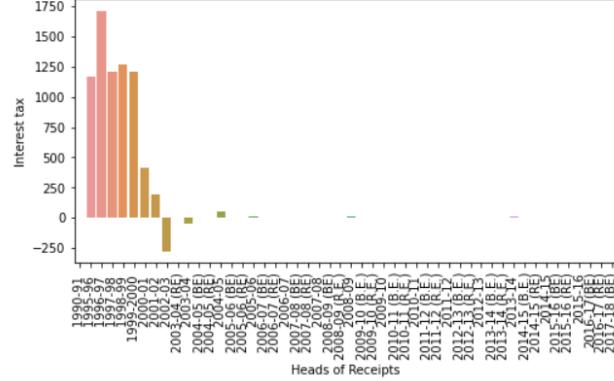
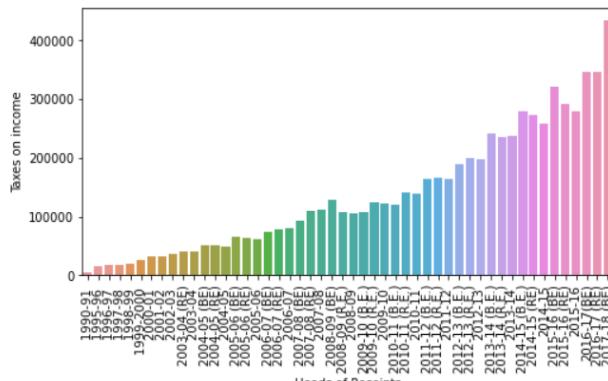
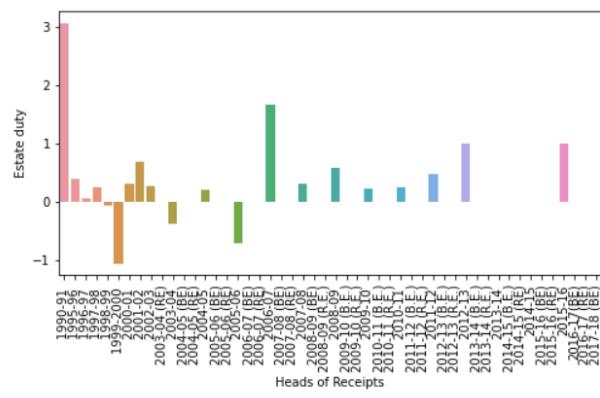
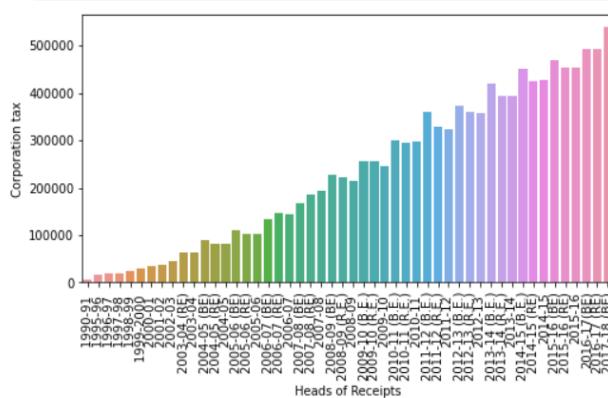
Direct tax:

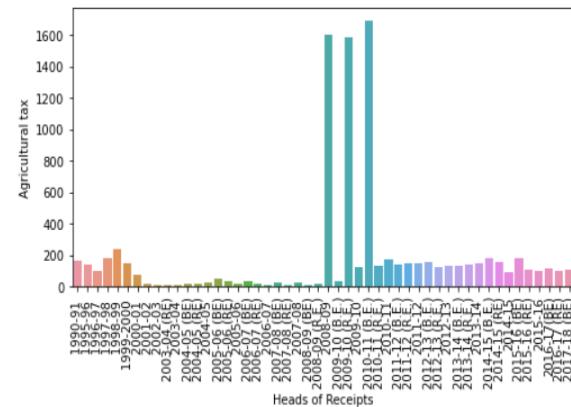
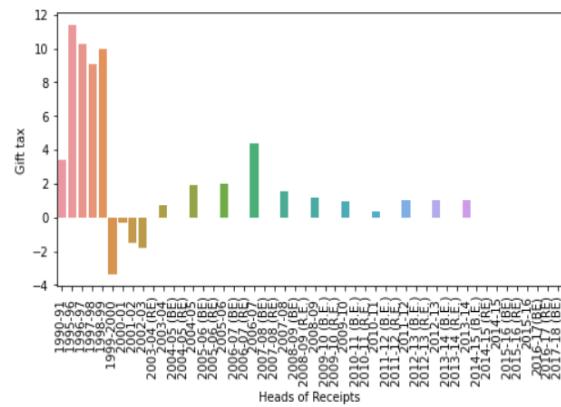
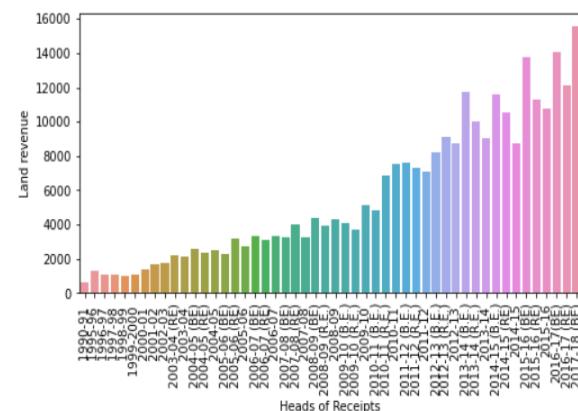
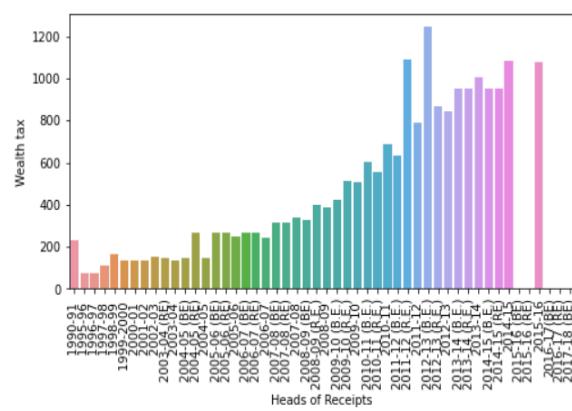


A type of tax where the impact and the incidence fall under the same category can be defined as a Direct Tax. The tax is paid directly by the organisation or an individual to the entity that has imposed the payment. The tax must be paid directly to the government and cannot be paid to anyone else. The most important one here is the income taxes. Depending on an individual's age and earnings, income tax must be paid. Various tax slabs are determined by the Government of India which determines the amount of Income Tax that must be paid. The taxpayer must file Income Tax Returns (ITR) every year. Individuals may receive a refund or might have to pay a tax depending on their ITR. Huge penalties are levied in case individuals do not file ITR. The table below helps us to understand the basic tax rate that is to be paid for each category of income.

Income Tax Slab	Tax Rate
Up to Rs.2.5 lakh	Nil
From Rs.2,50,001 to Rs.5,00,000	5% of the total income that is more than Rs.2.5 lakh + 4% cess
From Rs.5,00,001 to Rs.7,50,000	10% of the total income that is more than Rs.5 lakh + 4% cess
From Rs.7,50,001 to Rs.10,00,000	15% of the total income that is more than Rs.7.5 lakh + 4% cess
From Rs.10,00,001 to Rs.12,50,000	20% of the total income that is more than Rs.10 lakh + 4% cess
From Rs.12,50,001 to Rs.15,00,000	25% of the total income that is more than Rs.12.5 lakh + 4% cess
Income above Rs.15,00,001	30% of the total income that is more than Rs.15 lakh + 4% cess

Some of the direct tax revenues are Corporation tax, Taxes on income, Estate duty, Interest Tax, Wealth tax, Gift tax, Land revenue, Agricultural tax, Hotel receipts tax, Expenditure tax and so on... Analysis for the same is as follows.



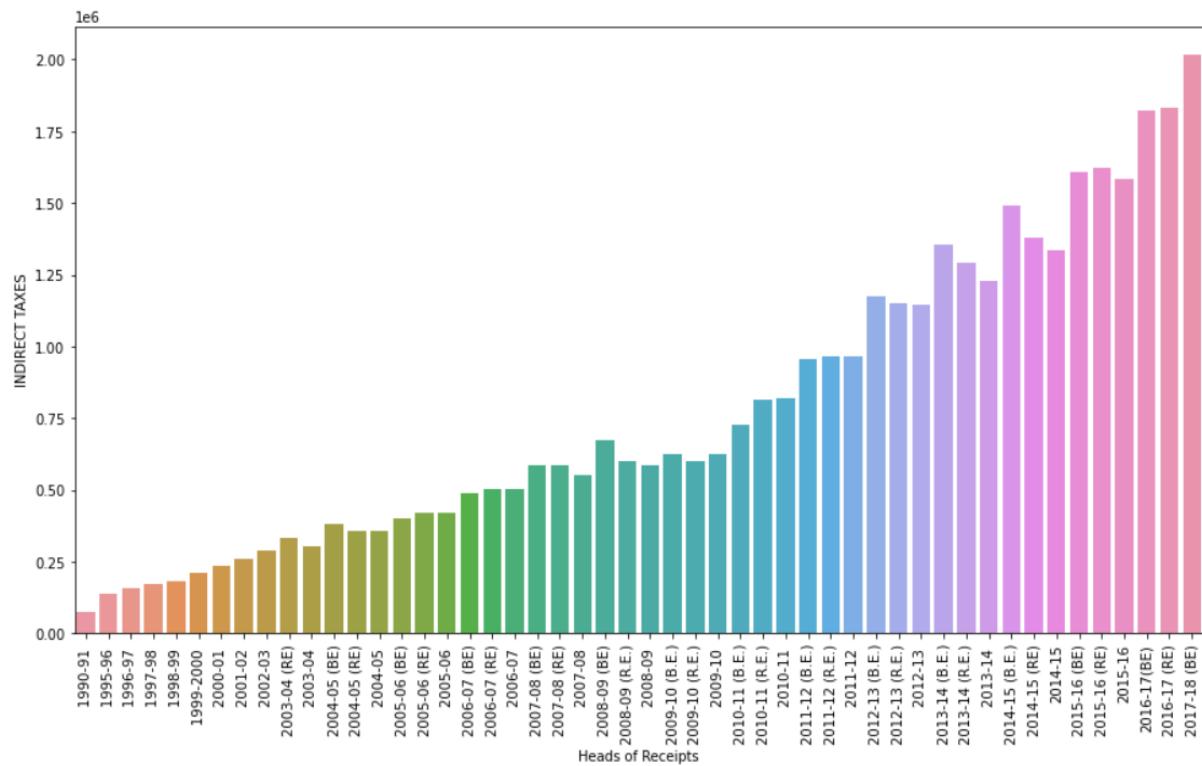


Indirect tax:

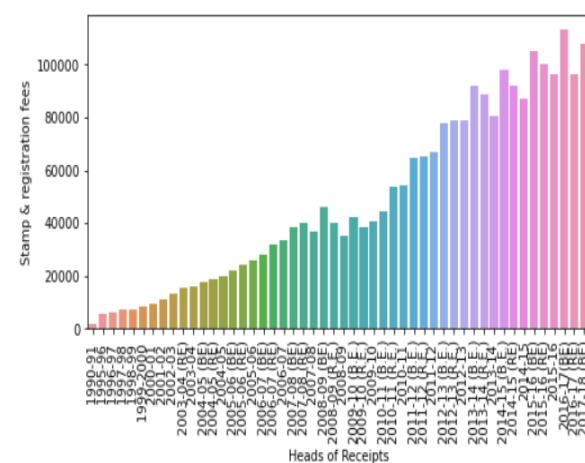
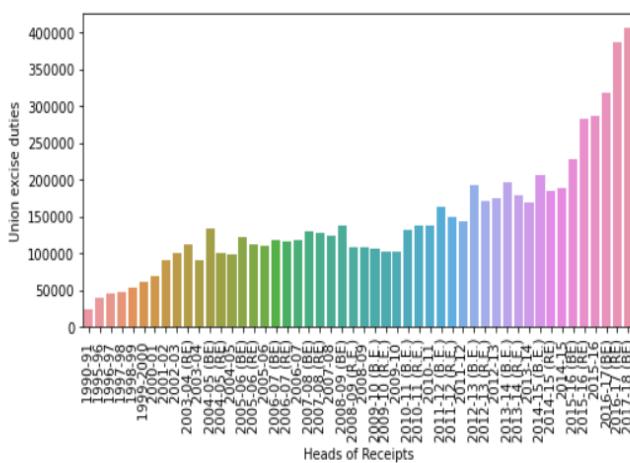
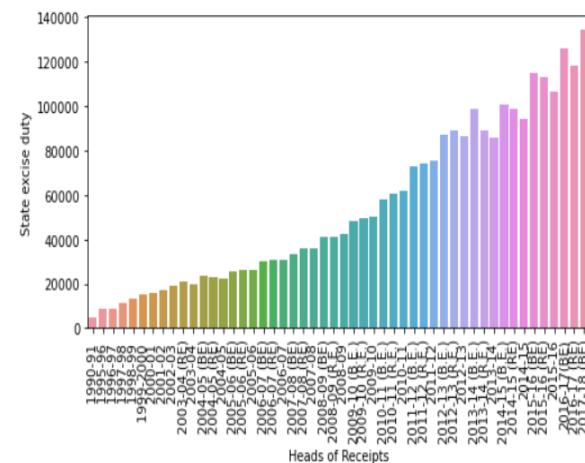
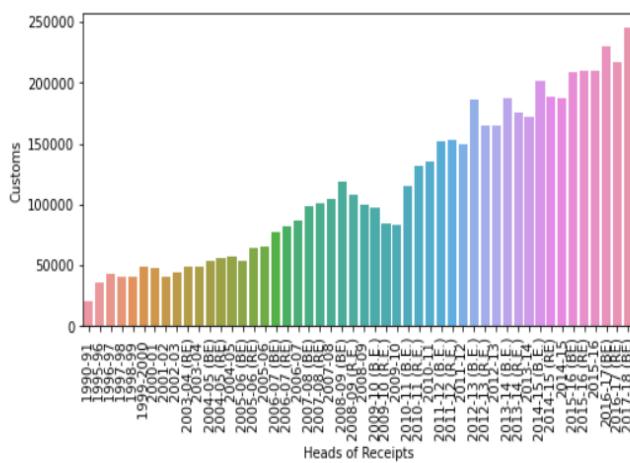
Indirect tax is a tax that can be passed on to another individual or entity. Indirect tax is generally imposed on suppliers or manufacturers who pass it on to the final consumer. Excise duty, customs duty, and Value-Added Tax (VAT) are examples of Indirect taxes. There are many indirect taxes applied by the government of India. Taxes are levied on manufacture, sale, import and even purchases of goods and services. These laws aren't also well-defined Acts from the government, rather orders, circulars and notifications are given out by relevant government bodies to this end. As such, it can be cumbersome trying to understand every feature of indirect taxes in India. Indirect taxes are touted to be streamlined following the introduction of the uniform Goods and Services Tax (GST).

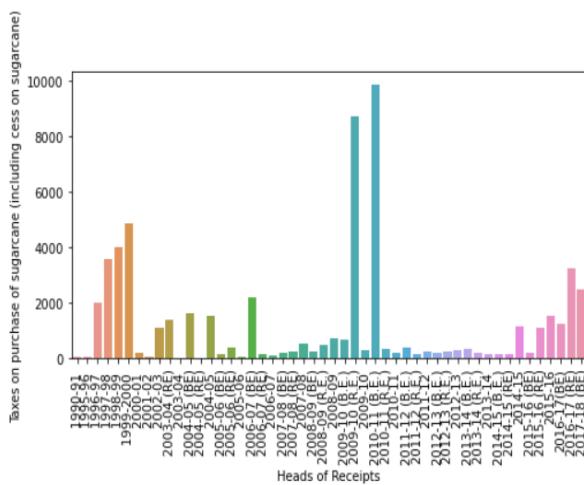
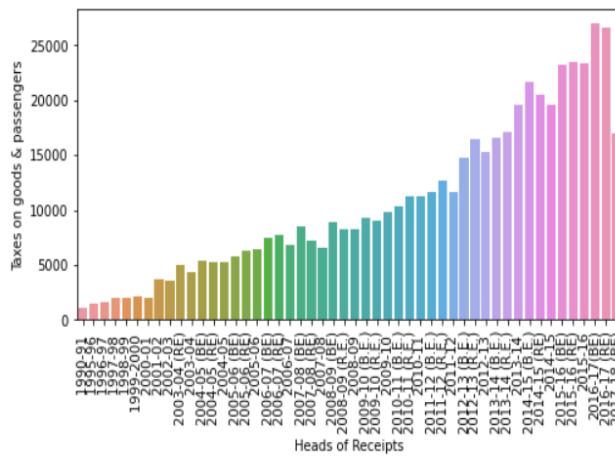
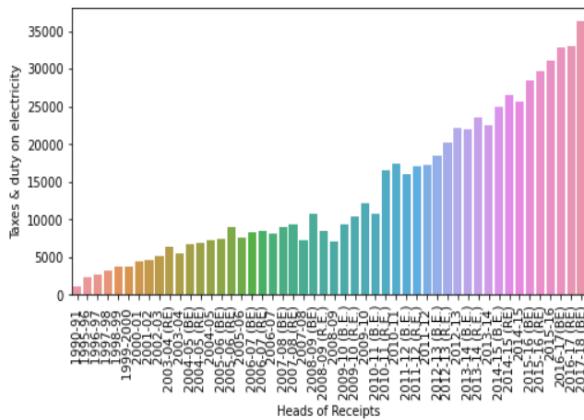
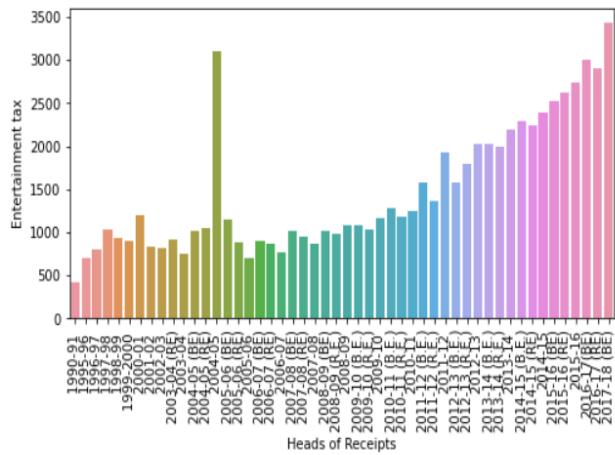
Features of indirect tax:

- **Tax liability:** The service provider or seller pays indirect taxes to the government, and the liability is transferred to the consumer.
- **Payment of tax:** The seller pays indirect taxes to the government and the same is transferred to the consumer.
- **Nature:** Indirect taxes were initially regressive, but thanks to the implementation of the Goods and Services Tax, they are now pretty progressive.
- **Saving and investment:** Indirect taxes are generally growth-oriented because they encourage consumers to save and invest.



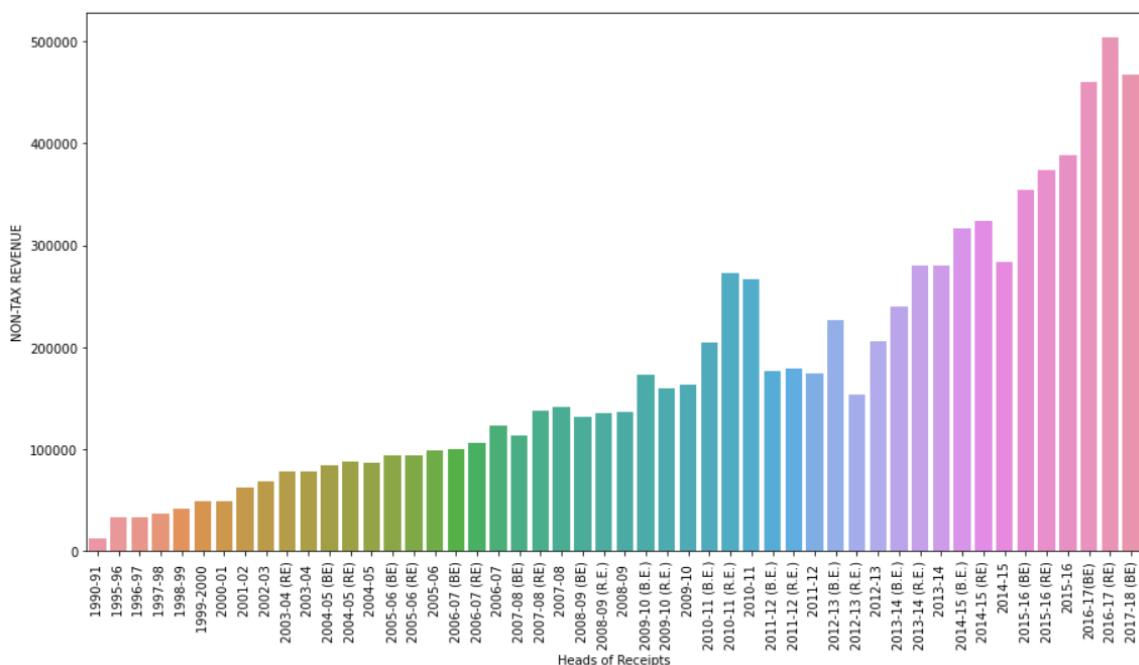
Some of the indirect taxes are Customs, Union excise duties, State excise duty, Stamp & registration fees, General sales tax, Taxes on a vehicle, Entertainment tax, Taxes on goods & passengers, Taxes & duty on electricity, Taxes on purchase of sugarcane (including cess on sugarcane) etc...



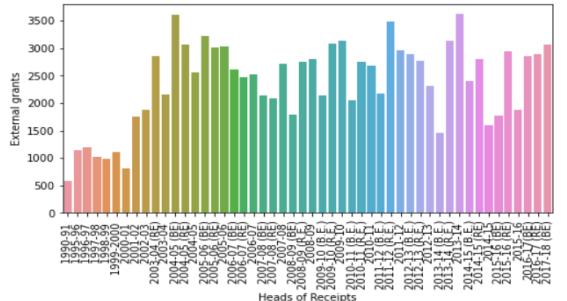
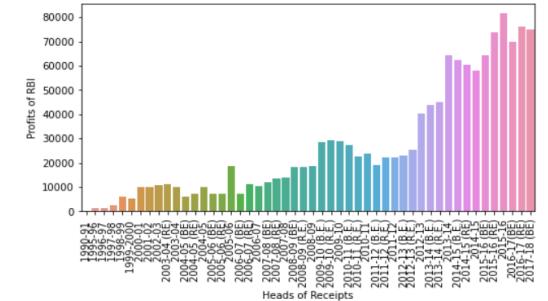
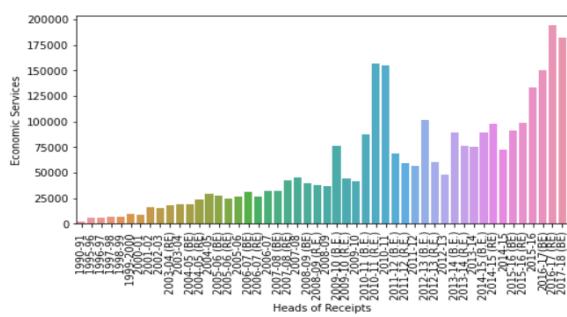
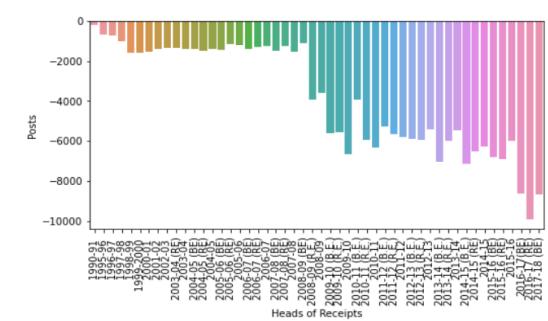
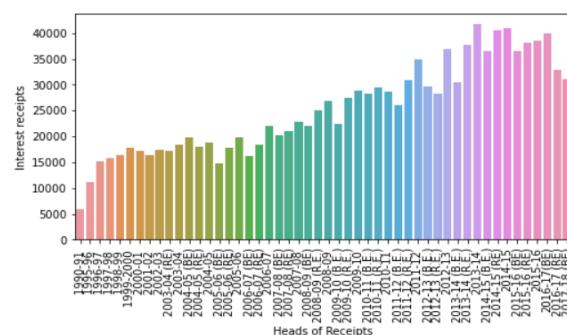
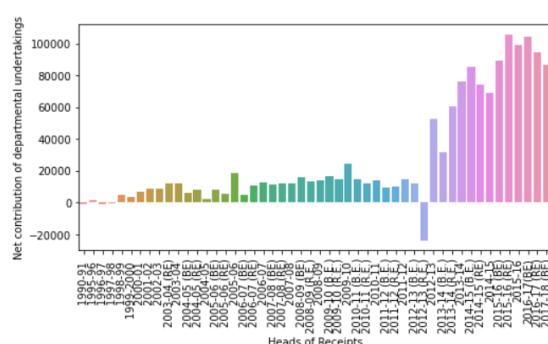
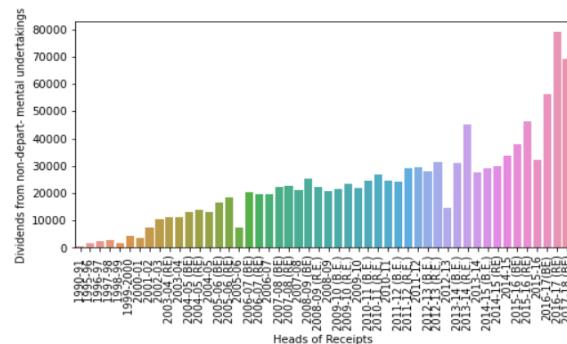
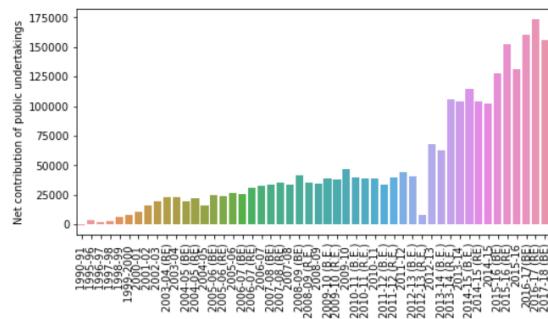


Non – tax revenue:

While taxation is a primary source of income for the government, it also earns some recurring income other than tax, which is called non-tax revenue. While sources of tax revenue consist of few but bulk direct and indirect taxes, the number of sources of non-tax revenue are very large with wide variance in the quantum of collections per source.



Although there are large sources of non-tax revenue, the quantum of collection per source is much less than that of tax collections. For instance, when people avail services offered by the government, like electricity, telecommunication, DTH, broadband etc, they pay bills, which include the share of non-tax revenue as the government provides infrastructure support to facilitate the services. The government also collects interest as non-tax revenue on the loans and funds advanced to states for various purposes. So, the government collects non-tax revenue in return for providing/facilitating any goods or services. Some of the non-revenue taxes are The Net contribution of public undertakings, the Net contribution of departmental undertakings, Railways, Posts, Profits of RBI, Forests, Power projects, Irrigation projects (commercial) and Multipurpose river projects, Discount royalty on crude oil, Dividends from non-departmental undertakings, Interest receipts, Fiscal Services, General Services, Social & Community Services, Economic Services, External grants and so on...



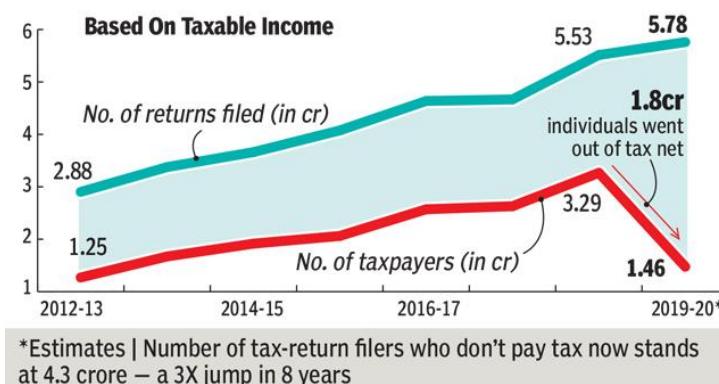
Target Segmentation:

Finally, we arrived at the important phase of the project. This mainly focuses on the target segmentation we are arriving at after careful analysis. From the analysis, It is clear that starting a tax consultancy startup at Maharashtra, Karnataka and Gujarat seems to be perfect. As we can gain some higher-margin profits in these segments. The potential customer base in the early market is as follows:

For example: If we take 200 companies in the state of Maharashtra as potential customers and provide primary services as Company firm registration and annual filling cost, we can able to achieve a profit of :

Potential profit = Potential customer base * Target price range

Potential profit = 200 * (30,000 to 50,000)
= 60 million to 100 million.



Marketing mix:

The marketing mix is a foundation model for businesses, historically centred around product, price, place, and promotion. The marketing mix has been defined as the set of marketing tools that the firm uses to pursue its marketing objectives in the target market.

Product – This tax consultancy firm focused on providing two main services

1. GST service registration.
2. Company firm registration and annual filling cost expenses.

Price - Pricing will vary depending upon the services a company chooses in the organization.

Place – We can either provide this service in the office as well as use online platforms. Usage of such platforms will help us to connect with various startups in India that requires a greater accounting service.

Promotion – Social media is nowadays dominating in every sector. It will also be helpful for smooth communication with customer companies. As this is a B2B service social media will be further helpful to make business-driven decisions.

Conclusion:

Indian GST revenue:

- Maharashtra is the highest GST revenue paying state
- Compared to 2020, 2021 revenue is greater as inflation rises.
- Arunachal Pradesh has more growth compared to other states.

Company firm analysis:

- There are more than 120k companies active in India.
- Most of the companies are private.
- Maharashtra stands as the startup capital of India.
- More number of startups are in north India.
- Very few public sector companies in India.
- Most of the companies are providing real estate service as their principal service.
- The average authorized capital for a company is 10 lakhs.
- The average paid-up capital for a company is around 15 lakhs.
- Starting a tax consultancy in Mumbai is highly appreciated.

Indian public finance:

- Tax paid by the individual payer is analysed using this dataset.
- Around 11 types of direct and indirect taxes and 16 types of no revenue taxes are studied.
- Due to inflation taxes are increased in the following year.
- Compared to direct taxes, Indirect taxes are paid more by the citizens.
- A total average of 4 crore tax revenue is paid by a citizen in the financial year 2017-2018.
- From this analysis, We can conclude that if we focus more on indirect tax, We can able to reduce the tax revenue.

Github:

<https://github.com/KishoreAkashYS/Market-Segmentation>

Datasets:

<https://drive.google.com/drive/folders/16VC0JaakiP1yXHnzzFrFPGZ21N6cte5K>

Resources:

<https://google.com/>

<https://www.bplans.com/auditing-and-consulting-business-plan/market-analysis-summary/>

<http://mospi.nic.in/data>

<https://data.worldbank.org/country/IN>