

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:3070
ANSWERED ON:07.08.2015
Incentives to Industrial Sector
Ram Mohan Naidu Shri Kinjarapu

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government proposes to provide incentives to industrial sector in Andhra Pradesh to remove reduce unemployment and hunger in the State; and
- (b) if so, the details thereof?

Answer

???????? ???? ?????? ????????????? (????????? ??????)(????????? ?????????? ??????????)
THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a): Yes, Madam.

(b): Section 46(2) and 94(1) of the Andhra Pradesh Re-organization Act, 2014 provide for Special Development Package and Fiscal measure including Tax incentive to provide industrialization and economic growth in the State of Andhra Pradesh. The fiscal package referred to in Section 94(1) of the Andhra Pradesh Reorganization Act, 2014 has been complied with by Ministry of Finance. Deptt. of Revenue has amended the Income Tax Act to provide additional investment allowance of an amount equal to 15% of the cost of new asset acquired and installed for setting up of any manufacturing unit. With a view to ensure that the manufacturing units which are set up by availing this incentive actually contribute to economic growth of the backward areas of Andhra Pradesh for a reasonable period of time, suitable safeguards have been provided for restricting the transfer of the plant & machinery for a period of 5 years. To incentivize investment in new plant & machinery, higher additional depreciation allowance of 35% (instead of 20%) has been allowed under the relevant provisions of the Income Tax Act in respect of the actual cost of plant & machinery acquired and installed for setting up of a manufacturing undertaking or enterprise in the notified backward area of the State on or after 01 April 2015. This higher depreciation allowance shall be available in respect of acquisition and installation of any new machinery or plant for the purposes of the said undertaking or enterprises during the period beginning on 01 April 2015 and ending before the 01 April 2020. This intervention is expected to contribute to eliminating the unemployment problem as part of the industrialization process in the State.
