

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

**LOK SABHA
UN-STARRED QUESTIONS NO. 2147
TO BE ANSWERED ON *Friday, May 6, 2016*
*Vaisakha 16, 1938 (Saka)***

WORK IN AMRAVATI

2147. SHRI KESINENI NANI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government of Andhra Pradesh has made any request with regard to concession in excise duty, income tax and capital investment in Amravati; and
- (b) if so, the details thereof and the response of the Union Government thereon?

**ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(JAYANT SINHA)**

(a) Yes, Madam.

(b) Government of Andhra Pradesh has made request for notification of Amravati as backward area for grant of investment allowance of 15% under section 32AD and higher additional depreciation allowance of 35% under 32(1)(iia) of the Income-tax Act, 1961. Further, it has also been requested by Government of Andhra Pradesh to provide tax benefits on capital gains to land owners participating in Land Pooling for development of capital city, Amravati on the lines provided in Section 96 of the Right to Fair Compensation and Transparency in Land Acquisition (Resettlement and Rehabilitation) Act, 2013 (RFCTLARR, 2013). The above requests have been examined and it has not been found feasible to accede to the requests.

Government of Andhra Pradesh also made a request for excise duty exemption. However, the Central Government is not in favour of extending area based exemptions, as they result in economic distortion; affect viability of a unit in non-exempt area; result in flight of industry from non-exempt area; result in shrinkage of tax base and lowering of tax GDP ratio and result in breaks in input duty credit chain. In view of this no excise duty benefit has been extended to Andhra Pradesh.

Further State Government of Andhra Pradesh sent a proposal for world bank loan of Rs. 5073 crore for Amaravati Capital City Development Project with a total financial outlay of Rs. 7247 crore. The Screening Committee of the Department of Economic Affairs in its 59th meeting held on 18th March, 2016 approved the aforesaid proposal "in-principle", advising the State Government to submit revised proposal by splitting the loan into two or more smaller loans.
