

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

**LOK SABHA
UNSTARRED QUESTIONS NO. 2180
TO BE ANSWERED ON FRIDAY, JULY 29, 2016
SRAVANA 7, 1938 (SAKA)**

TAX CONCESSION TO INDUSTRIES

**2180: SHRI LAXMAN GILUWA:
SHRI MANSUKHBHAI DHANJIBHAI VASAVA**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is providing any tax concessions to various industries for establishing industries in extremely backward districts;
- (b) if so, the details thereof;
- (c) whether the Government has received any requests/demand from industries in this regard; and
- (d) if so, the details thereof along with the reaction of the Government thereon?

**ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SANTOSH KUMAR GANGWAR)**

(a) & (b):

Direct Tax

The term 'extremely backward districts' does not appear as such in the provisions related to grant of tax concessions under the Income-tax Act, 1961. There are, however, tax exemptions available to the eligible business entities which are, inter alia, based on their location also. Some of the important location-wise tax concession provisions under the Income-tax Act are as under:

Section	Nature of Tax concession	Provision/eligibility
32AD	An investment allowance at the rate of 15% of the cost of new asset acquired and installed is allowed as a deduction, subject to fulfilment of prescribed condition	Applicable to industrial undertakings in the notified backward areas in the state(s) of Andhra Pradesh, Telangana, Bihar & West Bengal
32(1)(iia)	Additional depreciation at the rate of 35% on the actual cost of plant & machinery subject to fulfilment of prescribed conditions	Applicable to industrial undertakings in the notified backward areas in the state(s) of Andhra Pradesh, Telangana, Bihar & West Bengal. For industrial undertakings located in other areas, the rate of additional depreciation allowable is 20%
80IC	Deduction of profits and gains in respect of certain undertakings or enterprises in specified	Subject to fulfilment of prescribed conditions (including the prescribed timeframe for beginning of manufacture or production), applicable to

	special category states	certain category of undertakings located in Sikkim, Himachal Pradesh, Uttaranchal and North-Eastern States
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Indirect Tax

Fiscal concessions by way of excise duty exemption have been provided to new units and units undertaking substantial expansion in the North Eastern States including Sikkim (notification Nos. 32/99 Central Excise and 33/99- Central Excise both dated 8.7.1999, notification No 56/2003- Central Excise dated 25.06.2003, notification No 71/2003- Central Excise dated 09.09.2003 and notification No.20/2007-Central Excise, dated 25.04.2007), Jammu & Kashmir (notification No.56/2002- Central Excise & 57/2002- Central Excise, both dated 14.11.2002 and notification No. 1/2010- Central Excise dated 06.02.2010), Uttarakhand and Himachal Pradesh (notification No.49 /2003- Central Excise and 50/2003- Central Excise, both dated 10.06.2003). The exemption under these notifications is available for a period of ten years from the date of commencement of commercial production. These exemptions are based on a package of incentives under the Industrial policies formulated by Department of Industrial Policy and Promotion for these States and excise duty concessions constitute one of the elements of the package

(c) & (d):

Direct Tax

The demands for tax concession from various stakeholders including the industries have been received from time to time. However, the stated policy of the Government is to phase out profit linked and area based deductions from the Income –tax Act along with gradual reduction in corporate tax rates to 25 %. The detailed phase out plan with respect to various exemption/deductions/concessions has been introduced by Finance Act, 2016.

Indirect Tax

Representations from trade and industry associations and VIPs were received, inter alia, for extending similar exemptions to new areas. The demands were not acceded to inter alia on the ground that the Empowered Committee of State Finance Ministers (EC), has already held that there is no room for such exemptions under GST.
