

**PRESS INFORMATION BUREAU**

**GOVERNMENT OF INDIA**

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**SPECIAL DEVELOPMENT PACKAGE TO ANDHRA PRADESH AND TAX  
INCENTIVES TO SUCCESSOR STATES**

**New Delhi, February 4, 2015**

**Magha 15, 1936**

In terms of Section 46 (2) and Section 46 (3) of the Andhra Pradesh Reorganisation Act, 2014, the Union Government is committed to support Andhra Pradesh, providing Special development package to backward areas and Rayalaseema and North coastal region of the State. It has now been decided that funds amounting to Rs.350 crore (@ Rs.50 crore per District) in seven Backward Districts of Andhra Pradesh may be provided to Government of Andhra Pradesh during 2014-15 for its development activities.

Besides, an inter-ministerial Joint Committee, constituted by Ministry of Home Affairs, is also taking stock of the situation of Government of Andhra Pradesh to make recommendations to bridge the likely resource gap in the Central Budget 2014-15. However, an adhoc support of Rs. 500 crore for current financial year will be provided to Andhra Pradesh, pending recommendations of the Committee.

In terms of Section 94(1) of the Andhra Pradesh Reorganisation Act, 2014, the Union Government has to provide appropriate fiscal measures, including offer of tax incentives, to the successor States, to promote industrialisation and economic growth in both the States. In this regard following decisions have been taken: -

- i. The manufacturing industries set up in the backward region, as notified, would be given 15% additional depreciation on new plant and machinery in the first year of installation.
- ii. An additional investment allowance of 15% would be given to industries set up in the backward regions, as notified, for investments made in new plant and machinery in any of the 5 years for which additional concession would be notified. Even if the investment is made in the 5<sup>th</sup> year, the investment allowance would be available.
- iii. The additional depreciation allowance, and investment allowance will be provided without insisting on an investment of above Rs. 25 crore.

Several other proposals including proposals of Department of Industrial Policy & Promotion (DIPP) are under examination.

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