

THE ANDHRA PRADESH INTEREST FREE SALES TAX LOANS FOR
INDUSTRIES (IMPOSITION OF CEILING) ACT, 1987.

ACT No. 20 of 1987

ARRANGEMENTS OF SECTIONS

SECTIONS

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THE ANDHRA PRADESH INTEREST FREE SALES TAX LOANS FOR
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[13th April, 1987]

AN ACT TO FIX THE MAXIMUM AMOUNT OF INTEREST FREE SALES TAX
LOAN TO CERTAIN INDUSTRIES IN THE STATE OF ANDHRA PRADESH.

whereas the Government in G.O.Ms.No.224, Industries and Commerce Department, dated the 9th March, 1976 approved certain State Incentive Schemes for a period of five years from the 1st January, 1976 for new industries to be set up in the State of Andhra Pradesh;

And whereas all the new industries which go into regular production on or after the 1st January, 1976 and those industrial units going for substantial expansion, in all the areas of the State excepting in the Municipal Corporation limits of Hyderabad, Vijayawada and Visakhapatnam were made eligible for interest Free Sales Tax Loan equal to the tax paid by them under the Andhra Pradesh General Sales Tax Act, 1957 and the Central Sales Tax Act, 1956;

And whereas the total claim for all years put together for the Interest Free Sales Tax Loan was limited to ten percentum of the fixed capital cost;

And whereas a Committee was constituted in the aforesaid G.O. to scrutinise and sanction all the claims for subsidy or loan and to review the implementation of the scheme and suggest changes or modifications as are necessary from time to time for approval of the Government;

And whereas in view of the limited sixth plan provision of twenty crore rupees, the Committee in its meeting held on the 5th December, 1978 recommended a ceiling limit of ten lakhs rupees for the grant of Interest Free Sales Tax Loan for any industry;

And whereas the said recommendations of the Committee was not implemented by way of amending the G.O.Ms.No.224, Industries and Commerce Department, dated the 9th March, 1976;

And whereas the scheme introduced in G.O.Ms.No.224, Industries and Commerce Department, dated the 9th March, 1976 was extended from time to time upto the 31st March, 1984;

And whereas a few industries filed writ petitions in the High Court of Andhra Pradesh claiming the payment of interest Free Sales Tax Loan at ten percentum of the fixed capital cost and that the High Court has allowed the Writ Petition No. 12008 of 1985 solely on the ground that there was no amendment to G.O. Ms. 224, Industries and Commerce Department, dated the 9th March, 1976;

And whereas in Writ Appeal No.1088 of 1986 filed by the Government and the Writ Petition No. 4461 of 1981 filed by Kesoram Industries, the High Court of Andhra Pradesh directed the State Government to take appropriate remedial measure in pursuance of the recommendations of the Committee within a period of eight weeks by amending the G.O.Ms.No.224, industries and

Commerce Department, dated the 9th March, 1976, either by executive order or by undertaking Legislation;

And whereas the Financial commitment will be upto rupees forty six crores if claims for the loans is limited to ten percentum of the fixed capital cost instead of limiting it to ten lakh rupees as suggested by the Committee;

And whereas the total outlay provided cannot meet the demands if the claim is not limited to a maximum of rupees ten lakhs in respect of any industry with a fixed capital of rupees one crore and above;

And whereas due to financial constraints the State is not in a position to meet such huge commitment;

Be it enacted by the Legislative Assembly of the State of Andhra Pradesh in the Thirty-eighth Year of the Republic of India as follows:-

1. Short title and commencement - (1) This Act may be called the Andhra Pradesh Interest Free Sales Tax Loans for Industries (Imposition of Ceiling) Act, 1987.

(2) It shall be deemed to have come into force on the 1st January, 1976.

2. Sanction of Interest Free Sales Tax Loan - The State Government may fix the maximum of the Interest Free Sales Tax Loan during the period from the 1st January, 1976 to the 31st March, 1984 in respect of new industrial units which go into regular production on or after the 1st January, 1976 and such other industrial units going in for substantial expansion, situated in all the areas of the State of Andhra Pradesh excepting in the Municipal Corporation limits of Hyderabad, Vijayawada and Visakhapatnam, notwithstanding the limits specified in G.O.Ms.No.224, Industries and Commerce Department, dated the 9th March, 1976 and as subsequently modified from time to time.

3. Ceiling on Interest Free Sales Tax Loan - Notwithstanding anything in any judgement, decree or order of any court, tribunal or other authority or any order to the contrary, the maximum amount of Interest Free Sales Tax Loan granted as an incentive to the new industries which have gone into regular production on or after the 1st January, 1976 and those industries which go in for substantial expansion situated in all the areas of the State of Andhra Pradesh excepting in the Municipal Corporation limits of Hyderabad, Vijayawada and Visakhapatnam in terms of G.O.Ms.No.224, Industries and Commerce Department, dated the 9th March, 1976 as extended from time to time till the 31st March, 1984 shall not exceed a sum of rupees ten lakhs in respect of each industry with a fixed capital cost of rupees one crore and above.

4. Repeal of Ordinance No 1 of 1987 - The Andhra Pradesh Interest Free Sales Tax ordinance Loans for Industries (Imposition of Ceiling) Ordinance, 1987 is hereby repealed.