



Govt. of Bihar
Department of Industries

Salient Features of Bihar Industrial Incentive Policy 2011



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Handicraft of Bihar



Industrial Incentive Policy-2011

In view of the rapid changes in the Global Industrial Scenario, Bihar Industrial Incentive Policy-2011 has been come in force since 1st July 2011 for five years with an objective to attract domestic and foreign investment as well as revival and expansion of existing industrial unit by providing the right industrial ambience.

It is expected that the development of the State will get a boost and it will result in rapid industrial development with enhanced employment generation.

Main Features of Industrial Policy- 2011

- (a) In order to establish Industries in the State, development of international level of basic infrastructure is necessary so as to attract more and more domestic and foreign investment.
- (b) Land Bank for Industries and for other development projects.
- (c) Creation of marketing potential for sale of the products of MSME Sericulture, Handloom, Handicraft and Khadi etc.
- (d) In order to prevent industrial sickness timely identification of reason for sickness and appropriate actions are to be undertaken.
- (e) Setting up of effective single window system.
- (f) Simplification and transparency in all kinds of allotments, grants & entrepreneurs related procedures.
- (g) Provision of Common Effluent Treatment Plant in Industrial Area/ Estate.
- (h) Establishment of industrial park by BIADA for setting up of new medium and large industries in rural & urban areas.

The State Govt. has declared the following Thrust Areas

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| (i) Food Processing | (vi) Information Technology-based Industries |
| (ii) Agriculture based industries | (vii) Electronic Hardware Industries |
| (iii) Tourism related industries | (viii) Textile industries |
| (iv) Super Speciality Hospital | (ix) Energy / Non-conventional Energy. |
| (v) Higher/ Technical-Educational Institutions. | |

Pre Production Incentives

Stamp Duty and Registration Fee exemption :-

- (a) 100% exemption from stamp duty / registration fees being levied on Lease / Sale / Transfer of Industrial Land / Shed outside the jurisdiction of Industrial Area Development Authority for new MSME and large sector industries.
- (b) Existing industrial units which have undertaken expansion / diversification will also be entitled for the above incentives only on to the extent of additional land required for expansion.
- (c) If for any reason, the above incentive is not availed by the unit and the land is purchased the above Stamp Duty / Registration Fees will be re-imbursed by the department to such units at the post production stage.

Post Production Incentives

- (i) **Project Report Incentives :-** If the project report has been prepared by the consultancy firms recognised by the Industry Department, re-imburement of 50% of the cost subject to a maximum of Rs. 2.00 (Two) lacs will be made available to the unit. In case of carbon credit unit the amount will be 50% subject to the maximum of 15.00 (Fifteen) lacs will be re-imbursed.
- (ii) **Incentives on land / shed :-** The incentives / subsidy will be made available to all eligible units for the investment on land / shed located in Industrial Area / Export Promotion Industrial Park / Food Park / Agri Export Zone and also investment on land / shed allotted in industrial area. In case of small, micro unit the amount of subsidy will be 50% with a ceiling of Rs. 15 lacs. In case of large, medium & mega units the amount of subsidy will be 25% with a ceiling of Rs. 30 lacs.
- (iii) **Financial Assistance for Technical Know-how :-** If any entrepreneur acquires Technical Know-how from any recognised national level institution or state level institution to establish or to expend his industry, he / she will be re-imbursed 30% (maximum Rs.15 lacs) of the fees paid to the institution / organisation for the technical know-how.

(iv) Incentive / Subsidy for Captive Power Generation / D.G. set :-

- a) 50% (Fifty Percent) of amount spent on plant and machinery in the establishment of Captive Power Generation / D.G. set will be re-imbursed to the industry without any upper limit.
- b) Existing industrial units would also be entitled for grants of above subsidy provided that such Captive Power Generation / D.G. set is Purchased & Established after the Industrial Policy-2011 comes in force.
- c) This grant would also be given to SPVs constituted for the purpose of Captive Power Generation.
- d) In case of energy produced through non-conventional sources, 60% of subsidy will be paid without any upper limit. This facility will also be available to existing units.

(v) Exemption from M.M.C. / M.B.E.C. / Demand / Billing

Demand:- For existing units and new units would be granted exemption from M.M.C. / M.B.E.C. / Demand / Billing Demand with the effective date of new Industrial Policy. This facility will be available for five years only.

(vi) Capital Subsidy :-

- a) New MSME Industrial units will be granted 20% capital subsidy on the amount spent on plant and machinery subject to a maximum of Rs. 75 lacs.
- b) New large industrial units will be granted 20% capital subsidy on the amount spent on plant and machinery subject to a maximum of Rs. 500 lacs.
- c) Above Capital Subsidy will be available to such industries which will come into commercial production after the effective date of this policy.
- d) Food Processing sector units are already entitled for capital subsidy under food processing policy, therefore such units will not be entitled for above capital subsidy.

(vii) Incentives on Quality Certification :- 75% expenditure incurred in obtaining certificate of I.S.O. standard or equivalent from reputed national / international level organisations, would be re-imbursed by the State Govt. to small industrial units to improve the quality of products.

(viii) Tax related Incentives :-

Re-imbusement of VAT and Entry-Tax

- a) All new Industrial Units will be entitled to avail 80% re-imbusement against the admitted VAT amount deposited in the account of the Government, for a period of ten years. The ceiling for this re-imbusement will be 300% of the capital invested.
- b) New industrial units Brewery and Distillery will be re-imbursed a maximum of only 25% of the paid VAT, which will be applicable for 10 years and the ceiling for his re-imbusement will be 300% of the capital invested.
- c) Tax against the output tax, the amount paid as Entry Tax by new Industrial units after commencement of commercial production, will be included in the amount of 80% VAT for the purpose of re-imbusement.

(ix) Incentive will be provided to the new industrial units after the commercial production :-

- a) 100% Exemption in luxury tax for seven years.
- b) 100% Re-imbusement of electricity duty for seven years.
- c) 100% Exemption in land conversion charges.

(x) Central Sales-Tax :- MSME industries registered by competent authority will pay only 1% CST on their item of production.

(xi) Other Special Incentives :-

- a) **Corpus Fund:-** In order to revive the sick industry, a corpus fund will be created with the co-operation of the Commercial Banks, the State Government and Industry Associations and others.
- b) **SC / ST / Women / Handicapped:-**
 - (i) Entrepreneurs under above categories will avail 5% additional grant / exemption / subsidy than the limit fixed under this policy.
 - (ii) Up to the limit of Rs. 30 lacs as income from sales per annum as per balance sheet the above entrepreneurs will avail 100% re-imbusement of the deposited VAT in Govt. account for 10 years.

c) Subsidy on Employment Generation:- Any industrial unit, generating direct employment of at least 100 persons after the implementation of this industrial policy, will be paid an incentive by the State Government, the amount of which will be equivalent to the EPF amount paid by such units for new employees for a period of one year from the date of their employment.

d) Facilities for Expansion / Diversification / Modernization of Unit :- Any such existing units, expanding its capacity / diversifying / modernizing will be given the benefits applicable to new units.

(xii) Rehabilitation of Sick Units :-

- a) After identification of sickness, rehabilitation package would be prepared within 3 months and the State level institutions would monitor the rehabilitation process of sick Industries.
- b) Those sick units which have availed the benefits of any Industrial Policy it may avail the facilities under this policy even a second time but it will avail only the difference between the prior availed amount and the proposed amount under new policy.

Note:- Above all facilities only be given to those units which investment proposal will be approved by District level Single Window Clearance Committee or State Investment Promotion Board (SIPB).

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