

INDUSTRIAL INCENTIVE POLICY BIHAR 2006

STRATEGY MSME RELATED:

- **Land Bank**- To meet the requirement of land for industries and development schemes, Land Bank will be established in the state. By this Bank, Land will be made available according to the requirements to different industries and for development schemes.
- Marketing arrangements will be made for **small, tiny, cottage industries**, handloom and handicraft.
- In order to **revive sick units**, to identify such units and to suggest necessary remedial measures and to prevent sickness by developing a district level monitoring system.
- To develop **handicraft, handloom, khadi, silk and village industries**.

Incentives/exemption facilities for Industries in Bihar to accelerate Industrial development and to attract investments.

1. PRE - PRODUCTION INCENTIVES

Stamp duty and Registration fee:

Tiny, small, medium and large scale industries which are to be established in the industrial area / shed and outside the area of the Authority will enjoy the full (100%) exemption in stamp duty and registration fee in lease / sale / transfer. This facility will be granted only for the first time and thereafter will not be granted.

2. POST-PRODUCTION INCENTIVES

(i) Project- Report Incentive:

Reimbursement of the cost incurred in the project report preparation by the industrial units at the rate of 50% subject to a maximum of Rs.75,000/- will be made available provided, the project report is prepared by any of the firms recognized by the Industry Department. The reimbursement will be made to the unit after commencement of the production.

(ii) Incentive granted on land/Shed:

The Industrial Units located in Bihar Industrial Area Development Authority / Export Promotion Industrial Park / Food Park / **Agri Export Zone** would be eligible for the following incentive / subsidy. These facilities / concession to the industrial units will be made available only after the commencement of production.

Sl. No.	Industry	Grant
1.	Small/Tiny units/Financial Limit.	50% or 7.50 lacs (Maximum)
2.	All large/medium/mega units/Financial Units	25% or 15 lacs (Maximum)

(iv) Subsidy / Incentive on VAT:

This facility will be available to **Small / large / medium industries**. The industrial unit will get a passbook from the State Government in which the details of the tax paid under Bihar VAT would be entered and verified by the commercial Taxes Department in the form prescribed in Appendix - III. The Director, Industries will be authorized to pay the incentive amount on the basis of the verification.

The new Units will avail 80% reimbursement against the admitted VAT amount deposited in the account of the Government, for a period of ten years. The maximum Subsidy amount is payable 300% of the capital Invested.

Clarification: The incentive would not be payable on the amounts imposed as penalty and the difference of amount between tax assessed and accepted under the Central Sales Tax/Bihar Value Added Tax Act, 2005 and Bihar Entry Tax Act.

(viii) Central Sales Tax (CST):

Only 1% CST will be payable on the items produced by the registered **small and medium units** in Bihar.

INDUSTRIAL SICKNESS:

Small Sector

(i) **State Level Committee:** For the rehabilitation of small industry a State Level Committee under the chairmanship of Director of Industries will be constituted. Its members comprise representatives from the banks, financial institutions, Reserve Bank of India, Industries Association, experts and Government.

(ii) The above committee would be empowered with necessary statutory powers in order to rehabilitate the sick industry so that approved rehabilitation package may be implemented effectively.

- (iii) The guidelines of the Reserve Bank of India / IDBI / SIDBI would be relied upon to identify sickness in sick and small units. Appropriate rehabilitation package would be approved for their rehabilitation.
- (iv) The sick industries being revived will not require sickness certificate on an annual basis, instead the revival package shall specify the period of revival of sick units.
- (v) The industry declared sick by the State Level Committee would be eligible to receive reliefs and concessions from banks and financial institution as per instructions of RBI. These concessions and reliefs will be considered to be given within a definite time frame.
- (vi) After the identification of sickness within a prescribed time frame the rehabilitation package would be prepared and the state level institutions would monitor the sick industries and their rehabilitation.
- (vii) Those sick and closed units which have availed the benefits of any Industrial Policy in the past can avail even second time the facilities under this policy. If any sick or closed unit wants to avail the benefits under the Industrial Policy for the second time it will avail only the difference between the prior availed amount and the proposed amount under new policy. But this facility for rehabilitation to the unit will be made available only on the recommendation of the concerned committee constituted by the State Government. Such facility to the unit can be made available maximum of two times only.
- (viii) **Facility provided to the sick and closed units:**
Exemptions from Annual Minimum Guarantee (AMG), Monthly Minimum Guarantee (MMG) and Delayed Payment Surcharge (DPS) would be available to the unit from the date of declaration of the unit as a sick unit. This facility would be admissible for a period of five years.

Sickness in Medium and Large Industries:

- (i) A committee would be constituted under the chairmanship of Secretary Industry to explore the possibility and determine remedies for the **revival of medium** and large scale industries and Public Sector Undertakings (PSUS) which are sick and not referred to the BIFR and have a potential for revival. The recommendations of the above committee detailing the relief's and concessions shall be placed for approval before the high- powered committee existing under the chairmanship of the Chief Secretary.

- (ii) The rehabilitation package envisaged by BIFR /IRB /BICICO /BSFC /Bank and state level inter institutional committee shall be placed before the committee under the chairmanship of the Secretary, Industry for consideration and recommendation of Government.
- (iii) Sick Industry means such industry, which has been registered by the Board for Industrial and Financial Reconstruction (BIFR).
- (iv) Decision regarding closed industrial units shall be taken by a State Level Committee constituted under the chairmanship of Secretary Industries Department.
- (v) Those sick and closed units which have availed the benefits of any Industrial Policy in the past can avail even second time the facilities under this policy. If any sick or closed unit wants to avail the benefits under the Industrial Policy for the second time it will avail only the difference between the prior availed amount and the proposed amount under new policy. But this facility for rehabilitation to the unit will be made available only on the recommendation of the concerned committee constituted by the State Government. Such facility to the unit can be made available maximum of two times only.
- (vi) **Facilities to sick and closed units:**
Exemption of Annual Minimum Guarantee (AMG), Monthly Minimum Guarantee (MMG) and delayed payment surcharge to the unit will be granted from the date of declaration of unit as a sick unit. This facility will be available for five years.

HANDLOOM SECTOR:

- (i) **Electricity Tariff-** In view of the state power loom to be competitive with the **power** loom sector of other states, there will be a provision of electricity grant of 75 paise per unit of in electricity tariff.
- (ii) **Quality power supply** will be made available for power looms.
- (iii) **Workshop-cum-residence scheme for weavers-** In weavers dominated area, **scheme** of construction of common facility centre and in case weavers do not have the room, land, construction of Government shed would be implemented. All the facilities available under Cluster Development Programme would be available to weavers. Arrangements for training under the scheme would be made.
- (iv) **Establishment of Integrated Textile Park-** Textile Park will be established **in** the State. By this improvement and design, quality up-gradation and

assistance in marketing would be available to the weavers.

- (v) **Establishment of Urban Haat (market)**- An Urban Haat will be established in Patna where there will be provision for sale of the handloom and handicraft products.
- (vi) **Revival of Central Processing Plants** -State Government will revive the central processing plant Biharsharif and Dye and Finishing plant, Darbhanga. In these, the weavers may avail the facilities of dying, finishing and processing of their products.
- (iv) **Reimbursement of loan due of the weavers**- Scheme of reimbursement of old loan dues and interest from weavers in the State would be implemented.