

Government of Bihar
Department of Industries

Resolution

Subject: Bihar Industrial Investment Promotion Policy, 2016 for promoting industrial development in the State

The Government of Bihar is committed for the inclusive economic development of the State. Though the state is primarily an agrarian state but contribution of secondary sector i.e. industries, in inclusive economic development of the state is of equal importance and therefore can't be ignored. The State Government has taken a series of measures to further improve the investment climate in the state and envisages achieving the industrial development growth rate of 15% per annum. This means, increase contribution of secondary sector in the GSDP to more than 25% in line with the National Manufacturing Policy and "Make in India" initiative.

To achieve this goal the State Government has formulated the Industrial Investment Promotion Policy, 2016. The main strategy for achieving the goals of this policy is to focus on development of support infrastructure, prioritizing core sectors of future development with emphasis on advanced technology, skill development, a modified structured package of assistance and balanced regional development i.e. uniformly extending the benefits of investment to all geographical areas of the State. This policy also focuses on uplifting the socially marginalised groups & women entrepreneurs by offering specialized package of assistance to them. The policy has well-defined provisions for effective implementation, monitoring & grievance redressal for the entrepreneurs. Thus the Industrial Investment Promotion Policy, 2016 has an integrated approach towards industrial development in the state and offers a wide range of benefits to the investors coming to Bihar.

1. Introduction

Bihar is one of the fastest growing states in India. During the period 2005-06 to 2014-15, the GSDP of Bihar at constant prices grew annually at 10.5 percent, which is one of the highest among all major Indian states. The scale and pace of economic change that Bihar has witnessed over the past few years has been the result of a comprehensive, home-grown reform program initiated by the government. These reforms ranged from changes in managing public finance and reforming government expenditures, public investments in building infrastructure, and most importantly revamping the law and order machinery. All these changes have provided an enabling environment for private investment in the state and greater industry commitment.

Bihar has a unique location specific advantage because of its proximity to the vast markets of eastern and northern India, access to ports such as Kolkata and Haldia and to raw material sources and mineral reserves from the neighbouring states. Bihar is primarily an agrarian state and is one of the largest producers of vegetables and fruits in India. Bihar is endowed with water resources – both ground and surface water– as it receives an average rainfall of 1009 mm each year. Ganga is the main river that flows through the state, joined by tributaries that originate in the Himalayas. Some of the other major rivers are Saryu, Gandak, Budhi Gandak, Bagmati, Kamla and Mahananda. The state has a large base of cost effective, industrial labour, making it an ideal destination for a wide range of industries. Food processing, dairy, manufacturing, healthcare are some of the fastest growing industries in the state. The State has planned initiatives for the development of other sectors such as agricultural implements and small machine manufacturing, tourism, information technology, renewable energy etc.

Bihar is aggressively working on developing supporting infrastructure in the state. In the absence of adequate roads no state can amplify its economic growth. With this background, the State Government has resolved to connect the capital city of Patna to the remotest areas in the state, so that people can reach the capital within a maximum of six hours from any place. In recent years, the State Government has been making endeavours to achieve this goal and, as a result, the network of roads and bridges has expanded at a rapid pace. The State

Government has also adopted the Bihar Road Resource Protection Policy, 2013 to ensure better maintenance of the growing road network. The total length of the State Highways (SH) is 4253 km (in 2015) and approximately 65% of these highways are double-lane roads. The National Highways, on the other hand, have a strategic significance in the state's economic development as they connect Bihar with other states. The total length of National Highways in the state is 4595 km (as of 2015) and efforts are being made to further increase the network at a rapid pace.

Golden Quadrilateral Highway that passes through Bihar is in close proximity to some of the districts, viz. Kaimur, Sasaram, Aurangabad Gaya & Patna. These districts are well connected to this highway via branch roads. This serves as a high logistical advantage in catering to the markets within as well as in the adjoining states of Uttar Pradesh, West Bengal, Orissa, and Jharkhand. It provides connectivity to major industrial, agricultural, and cultural centres of India. The length of Golden Quadrilateral Highway that passes through the State, i.e. 204 km, has been widened.

Eastern Dedicated Freight Corridor passes through the state and would connect Bihar with West Bengal, Jharkhand, Uttar Pradesh, Haryana and Punjab and is expected to be immensely beneficial for industries in the state. It would facilitate the transport of finished products to ports in Bay of Bengal in lesser time; thereby, bringing down the transportation cost, significantly.

State Government has embarked on an ambitious plan to add substantial electricity generating capacity in the next few years. It is targeting to achieve a total generating capacity of 1330 MW by 2016-17, 3310 MW by 2017-18 and 7270 MW by 2021-22. In order to turn its vision into reality, Bihar State Power Generation Corporation Limited (BSPGCL) has entered into joint ventures with reputed companies in the power sector, like National Thermal Power Corporation (NTPC) and National Hydro Power Corporation (NHPC). Some of the major power sector projects, at different stages of commissioning, are Nabinagar Stage-1 Plant, power projects in Buxar, Bhagalpur, Lakhisarai and Banka. On completion of all these projects, Bihar's dependence on the centre for its power requirements will reduce significantly and the state would become self-sufficient in meeting its power requirements.

For the industrialization of the state, availability of land is an important factor. Consequently, land acquisition assumes greater significance and it necessitated the establishment of a land bank for which a corpus fund with a limit of INR 1500 crore was mooted. Later, this limit was raised to INR 2500 crore to meet the increasing demand of land by industries and other allied sectors. The State Government, in the last few years, have sanctioned a sum of INR 1650+ crore to Bihar Industrial Area Development Authority (BIADA), for land acquisition to ensure rapid creation of the land bank and industrial areas.

There has been large scale change in industrial environment due to economic liberalization, privatization and globalization. Strong emphasis is being placed on Micro, Small and Medium Enterprises (MSME). Cluster based development is being promoted by the State Government and it is in the process of setting up specialized clusters for development of leather, small machinery, plastics, garments, jute & textiles, and food processing to boost the manufacturing sector and well-being of MSME entrepreneurs.

Bihar is progressively adopting practices to create an investor friendly environment in the state, so as to facilitate investments. Some of the key reform measures taken are implementation of UDYOG SAMWAD portal for grievance redressal; effective implementation of single window system, development of an online inspection system; provision for submission of single integrated return under various labour laws; differentiated compliance inspection requirement based on risk profile of industries; provision of synchronized/joint inspection under various labour laws etc.

The present policy aims at creating industry-friendly environment for maximizing investment, especially, in priority sectors i.e. food processing; tourism; , small machine manufacturing; IT, ITeS, electrical and electronic hardware manufacturing; textile; plastic and rubber; renewable energy; leather and technical education sector. The overall objective is to maximize the value addition to state's natural resources by setting up industries across the state, generating revenue and creating employment. This policy has been drafted in consultation with representatives of industries; industry association, investors, subject matter experts, etc. and efforts have been made to accommodate their views. It is expected that implementation of the policy will facilitate industrialization of the state, generate employment and add to its overall growth.

2. Our Vision, Mission and Strategy

2.1. Our Vision

To establish Bihar as the most preferred investment destination by leveraging the state's comparative advantages and maximizing employment opportunities for attaining a balanced regional and sustainable development.

2.2. Our Mission

- Achieve industrial development growth rate of 15% per annum
- Increase contribution of the secondary sector to the GSDP to more than 25% in line with the National Manufacturing Policy and “Make in India” initiative
- Create direct employment opportunities for 5 lakh people across all economic sectors
- Attract on-ground investment of Rs.15,000 crore
- Create high-end infrastructure facilities to attract investments in the state
- Eradicate regional industrial imbalance by uniformly extending the benefits of investment to all geographical areas of the state
- Provide relatively more economic benefits to the priority sections of society such as SC/ST, women, differently abled, war widows, acid attack victims and third gender entrepreneurs.
- Ensure that industries facilitate skill development of local people, so as to achieve the target of 15 million skilled youths as per the “Seven commitments” of the State Government.
- Increase the competitiveness of MSMEs and adoption of “Zero Defect Zero Effect” manufacturing practice

2.3. Our Strategy

We will work with investors who share our vision of the future of Bihar as a vibrant economy, ready to take off on the path of sustained development. In particular, our strategy will consist of:

- Encouraging investments that add value to the farm produce and increase the income of the cultivators through processing and preservation of food crops, particularly vegetables and fruit crops.
- Utilising the traditional skills of artisans by finding a wider market for handloom and handicrafts.
- Investing in skill development and technical education so as to make Bihar the preferred source for skilled manpower - for which an acute shortage has been forecasted not only in different parts of the country but even markets abroad.
- Creating preference for Micro, Small and Medium Enterprises (MSME) in view of their limited requirement of land, and their capacity to absorb more labour per unit of capital and energy.
- Encouraging cluster development in MSME sectors.
- Emphasising on industries that rely on local production, local skills, and local consumption.
- Providing preference to low energy and non-polluting industries
- Encouraging large scale industrial units in the proposed Integrated Manufacturing Cluster under the proposed Amritsar-Kolkata- Industrial Corridor (AKIC). While, the State Government will assist investors in finding suitable land for setting up units, they will be expected to find land on their own for units outside these designated areas.
- Encouraging new investment in developing heritage tourism for which the state offers tremendous opportunities.
- Investments in developing new facilities and/or managing existing facilities under PPP mode will be encouraged.

- Promoting development of ancillary units to cater to the upcoming investments in public and private sector
- Establishing the Udyog Samwad Portal, a one stop platform for investors to resolve problems/ difficulties faced in establishment of industrial projects in the State.

2.4. Scope of Policy

The policy would be applicable to all the new units in the state, with the following conditions:

- Any unit manufacturing any item, wherein the manufacturing activity does not contribute in value addition shall not be considered under this policy. Units involved only in trading activities will not come under the purview of this policy.
- Units promoted by individuals/ firms/ companies etc. that at any point in the past were black listed by the government(state or central) will not be eligible to avail the benefits of this policy.
- Units promoted by individuals/ firms/ companies etc. that at any point in the past has defaulted on any loan availed from any bank or Financial Institutions (FIs)or has any dues payable to government will not be eligible to avail the benefits of this policy.
- Incentives under this policy would be applicable only for the investments made in the state.
- Incentives under this policy cannot be claimed as compensation for any loss caused to the unit on account of any kind of natural calamity or business reason.
- This policy shall be applicable only for private investment, including foreign investment, but shall not apply to public sector investment by Central or State Governments either alone or in partnership with the private sector.

3. Our Priority Sectors

Bihar enjoys a natural advantage in some sectors like food processing, leather, tourism, etc. and the State Government would like to leverage upon these advantages to ensure maximum employment generation and improve the standard of living of the people. A brief overview of the priority sectors is presented below:

3.1. Food Processing Sector

Bihar, fundamentally an agrarian economy, has a large agricultural and animal production base offering abundant supply of raw material to be processed for human consumption. Despite these natural advantages, the level of food processing is very low and there is scope to improve the food processing levels to meet the increasing requirements of the state's growing population, while at the same time offering a sustainable consumption market. Further, the rising income and changing life style in the cities as well as rural Bihar is changing the consumption demand towards processed food. Therefore, the state offers a substantial opportunity for the food processing industry and is expected to play a leading role in the industrialization drive of this state. Some of the strategic advantages in this sector across key product offerings are listed below.

| Key Agro Produce | Our Strategic Advantage |
|--|--|
| Food-grains (Cereals and pulses) and oilseeds | <p>(a) The production level of cereals in the state has grown annually at 5.65% in the last 5 years i.e. 2010-11 to 2014-15.Total cereal production of the state was 143.21 lakh tonnes in 2014-15which is one of the largest in the country.</p> <p>(b) Some of the major products of the state are-Rice: 82.41 lakh tonnes; Wheat: 35.70 lakh tonnes; Maize: 24.78 lakh tonnesPulses:4.28 lakh tonnes; and Oilseeds: 1.27 lakh tonnes.¹</p> <p>(c) Bihar has the highest maize productivity amongst all the Indian states.</p> |
| Fruits (Mango, | (a) Bihar ranks first among all the Indian states in terms of vegetable production. The |

¹ All figures are annual production in FY 2014-15;

| Key Agro Produces | Our Strategic Advantage |
|---|---|
| Guava, Litchi and Banana) & Vegetable (Potato, Cabbage, Cauliflower, Okra)² | <p>total vegetable production in the state was 144.99 lakh tonnes in 2014-15.</p> <p>(b) Some of the major vegetables produced in the state are Potato: 63.46 lakh tonnes; Onion: 12.47 lakh tonnes; Cauliflower: 10.03 lakh tonnes; and Tomato: 10.46 lakh tonnes. Other vegetables such as cabbage, okra, carrot, and pea are also grown in the state which can be used for commercial processing.</p> <p>(c) Some of the major fruits produced in the state are-Banana: 15.27 lakh tonnes; Mango: 12.72 lakh tonnes; Guava: 3.7 lakh tonnes; and Litchi:1.98 lakh tonnes.</p> <p>(d) The state is well known- in India and in international markets - for its litchi produce, which presents a potential opportunity to set up units for litchi pulp, juice, pulp slab, nectar, jam, jelly, etc.</p> |
| Makhana | <p>(a) Makhana/Gorgon Nut is an exclusive offering of the state and has a strong potential to be placed in the wellness food category and can fetch premium pricing if marketed, appropriately.</p> <p>(b) Makhana/ Gorgon Nut is quite nutritive and compares well with fish/ mutton in terms of protein content. In China, raw makhana seed powder is considered to be an essential ingredient of baby food.</p> |
| Animal Products(Milk, Meat, Fish, Eggs, Honey) | <p>(a) The total livestock population in the state is 329.38 lakh and it is expected to grow significantly³.</p> <p>(b) Approximately 52% of the total livestock population is that of milch animals, with a cow population of 122.31lakh, goat population of 121.53 lakh and buffalo population of 75.67 lakh.</p> <p>(c) Milk is one of the most important food product of the state with an average production of 79.172 lakh tonnes/ day, and this presents a sizeable processing opportunity</p> <p>(d) Large population of buffalo, goat and poultry presents a significantly large opportunity for meat processing</p> <p>(e) The state has a total water area of 10, 71, 000 hectares or 26, 77, 000 acres. This includes ponds (95,000 hectares), oxbow lake (9,000 hectares), reservoirs (26,000 hectares) and wetland (9.41 lakh hectares). The total river length in the state is approximately 3,200 km. The huge water wealth of the state presents gainful opportunity for fresh fish processing facilities/units. In 2014-15, the average fish production in the State from various water bodies was 5 lakh tonnes/ annum.</p> <p>(f) Bihar is the 4thlargest producer of honey in the country and produces approximately 6,500 tonnes per annum. Honey is becoming an important ingredient in today's world and is placed in the wellness food category. This product has the potential to be the first choice amongst the 1st generation entrepreneurs due to low investment requirement and higher revenue potential.</p> |

Priority sectors in the food processing sector

The food processing units discussed below shall be considered under the priority sectors for the purpose of availing the incentives under this policy.

²All figures are annual production in FY 2014-15;

³ According to livestock census 2012;

| Sectors | Investment Opportunities |
|--|--|
| Food-grain (Cereal and pulses) and oilseed processing | <p>(a) Maize processing units with installed capacity of more than 100 TPD, including units for manufacturing starch and cattle and/or poultry feed</p> <p>(b) Any other cereal processing/flour/starch/dough mixes, breakfast food manufacturing unit with installed capacity more than 100 TPD.</p> <p>(c) Pulses processing unit</p> <p>(d) Modern unit for oilseeds processing or extraction from raw materials obtained locally; like Vanaspati oil manufacturing from rice bran and vegetables like soya-bean, safflower/sunflower, mustard, ground nut, etc. as well as fats and oils extracted from bovine/sheep/goat/fish/marine animals, etc. Unit for solvent extraction for edible oils with or without integrated refining facility.</p> <p>Note: Processing units purely for sorting, cleaning, and packaging that do not generate any substantial value addition shall not be considered under the priority sector.</p> |
| Fruits &Vegetable (F&V) Processing | <p>(a) All kinds of F&V processing units (including units for manufacturing dehydrated and frozen F&V items using IQF/Blast Freezer/Spiral Freezer, etc.)</p> <p>(b) Dehydration and powdering of vegetables like onions, mushrooms, etc.</p> <p>(c) Unit for processing litchi (e.g. units for manufacturing litchi pulp, juice, pulp slabs, jam, jelly, beverage, nectar, candies, powder, etc.)</p> <p>(d) Unit for processing local variety of mangoes into pulp, juice, pulp slabs, jam, jelly, beverage, nectar, candies, powder, etc. (units using mango pulp imported from other states or countries shall not be considered under the priority sector.)</p> <p>(e) Unit for banana processing (e.g. banana chips, pulp, powder, baby food, jam, jelly, banana flower vegetables, banana trunk vegetables & pickles, etc.)</p> <p>(f) Unit for makhana processing (e.g. unit for producing makhana pops, making flavoured and/or roasted makhana snacks, RTC kheer, baby food etc.)</p> |
| Milk Processing and Dairy Product Manufacturing | <p>(a) Milk processing units with installed capacities of more than 50 thousands litres per day</p> <p>(b) Units for manufacturing pasteurized milk, milk powder , ice cream powder, condensed milk, infant food, milk cream, butter, butter milk, lassi, yogurt, cheese, ghee, khoya, ice-cream, kulfi, flavoured milk and other dairy products.</p> <p>(c) Units that manufacture products out of milk powder imported from other states or countries shall not be considered under the priority sector. Only products manufactured from milk procured or milk powder manufactured by another unit within the state shall be considered under the priority sector.</p> <p>Note: For consideration under the priority sector, procurement of milk by the units shall not be carried out in areas where dairy co-operatives formed by COMFED are already in operation.</p> |
| Honey Processing | Natural honey processing unit |
| Meat, Poultry and Fish Processing | <p>(a) Meat, poultry and fish processing units (e.g. fresh, chilled, and frozen fish; fish fillets and pieces; fish cured or smoked and fish meal fit for human consumption; fresh and chilled meat of bovine animals such as sheep or goat; meat & edible offal of poultry meat; dried eggs; etc.)</p> <p>(b) Modern slaughter house & abattoir</p> |
| Spice and | (a) Modern processing unit for spices (for e.g. extracts essence & concentrates of spices, |

| Sectors | Investment Opportunities |
|---|---|
| herbs Processing | <p>powder and paste manufacturing etc.)</p> <p>(b) Unit for extraction of food flavors, colours, oleoresins, etc.</p> <p>(c) Health and wellness food supplements made from herbs</p> |
| Tea Processing | Modern tea processing units |
| Other edible preparation | <p>(a) Modern unit for manufacturing of biscuits/ cookies, etc.</p> <p>(b) Modern bakery unit (e.g. bread, pastries and cakes manufacturing)</p> <p>(c) Modern unit for manufacturing ice-cream</p> <p>(d) Modern unit for manufacturing chocolate & non-chocolate based confectionery items</p> <p>(e) Unit for manufacturing of frozen or non-frozen and packaged ready to eat (RTE) meals and snacks, ready to cook (RTC) food, powdered energy concentrate, instant drink concentrate, etc.</p> |
| Sugarcane Processing | <p>(a) Manufacture of sugar</p> <p>(b) Manufacture of ethanol</p> |
| Warehousing | <p>(a) Fruit ripening chambers</p> <p>(b) Controlled atmosphere (CA)/modified atmosphere (MA) chambers, cold rooms/ deep freezers/ pre-cooling chambers</p> <p>(c) Multiple cold storage facilities/infrastructure including pre-cooling chambers, ripening chambers, CA/MA chambers, cold rooms, deep freezers, bulk chillers, etc. including cold chain logistic arrangements</p> <p>(d) Modern grain silos</p> |
| General/ Business Development Services | <p>(a) Research & development facilities, quality control laboratories/ testing laboratories, training / incubation centres/skill development centres, etc. related to the food processing sector</p> <p>(b) Food machinery manufacturing</p> <p>(c) Irradiation unit</p> |

Notes:

1. The above list of units/ enterprises is only indicative and the State Government may suitably revise the list under the priority sector from time to time.
2. Units/ enterprises set up for the purpose of packaging/ repackaging of food items imported from other states or countries shall not be considered under the priority sector.
3. If a unit/ enterprise is setting up two or more kinds of facilities in an integrated manner/for captive use purpose, the facilities would be treated as a single project and combined cost of the facilities would be considered for grant calculation purposes. The classification of the units/ enterprises into priority or non-priority would be as per the nature of the main/mother facility, i.e. the core facility.
4. In case a unit migrates from non-priority sector to priority sector through capacity expansion and/or facility addition etc., it would enjoy the incentives as per the priority sector for the portion that falls under the priority sector.
5. Units for manufacturing any food item fit for human/ animal consumption which does not contain any grain, F&V or any processed/preserved items (like pulp concentrate, extract .) made from grain/F&V as its main ingredient would be considered under the non-priority sector.

6. Unit established for processing of by-products of the main food processing facility will be considered for a grant under the non-priority sector if the end product resulting from the processing of the by-product is not a food product fit for human/ animal consumption (with any exceptions defined above). If the final product is fit for human/ animal consumption it would be categorized as per the above list.

3.2. Tourism Sector

Bihar has a potential for tourism in view of its rich cultural heritage, religious and historical monuments. Bihar's great competitive strength from tourism point of view is its ancient and yet living civilization that gave rise to two of world's great religions, namely Buddhism and Jainism. Bihar has been the centre of religious activities of Hindus, Buddhists, Jains, Sikhs and Muslims. Endowed with a rich cultural and religious heritage, Bihar was a seat of power of the vast and powerful Magadh Empire. This is a land of ancient universities of Nalanda and Vikramshila, which spread knowledge far and wide through students coming from different countries of the world. The remnants of these two ancient universities, the antiques and artefacts attract tourists in huge numbers. The state has a rich tapestry of product offerings across its strengths of culture, heritage, nature, wildlife, wellness, as well as other unique products. Some of the key products offered by the state that attract travellers are:

| Tourism Segments | Our Strategic Advantage |
|------------------|--|
| Spirituality | <p>Tourism in Bihar has traditionally thrived upon travellers visiting places of spiritual interest. Some of the identified tourism circuits focussing on this aspect are:</p> <p>(a) Buddha Circuit – Bodh Gaya (Gaya), Rajgir (Nalanda), Nalanda, Vaishali, Lauriya Nandangarh (East Champaran) , Lauriya Arreraj (East Champaran), Kesaria (East Champaran) Vikramshila (Bhagalpur), Jehanabad;</p> <p>(b) Sufi Circuit – Manersharif (Patna), Khankahmujibia (Patna), Mittan Ghat (Patna), Hajipur Karbala (Vaishali), Hasanpura (Nalanda), Bibi Kamal Shahib (Jehanabad), Badi Dargah (Nalanda), Chhoti Dargah (Nalanda);</p> <p>(c) Jain Circuit–Vaishali, Rajgir (Nalanda), Pawapuri (Nalanda), Nathnagar (Bhagalpur), Mandar Hill (Banka), Champanagar (Bhagalpur), Kundal Gram (Nalanda), Samosaran (Nalanda) and Lachhuar (Jamui);</p> <p>(d) Ramayan Circuit – Valmikinagar (West Chaparan), Pret Shila (Gaya), Ahilya Asthan (Darbhanga), Sitamarhi, Kako (Jehanabad), Sita- kund (Sitamarhi), Shingheshwar (Saharsa), Ramshila (Gaya), Buxar, Giddheshwar (Jamui);</p> <p>(e) Shakti Circuit – Mundeshwari Asthan (Kaimur), Chandi Asthan (Munger), Ugratara Asthan(Mahishi, Saharsa), Aami (Saran), Thave (Gopalganj), Tarachandi Asthan (Rohtas), Bakhorapur (Bhojpur), Shyamakali (Darbhanga), Bhagwati Asthan (Nayanagar, Madhepura), Badi Patan Devi (Patna), Chhoti Patan Devi (Patna), Matsyagandha Raktkali Temple (Saharsa), Uchchait (Madhubani);</p> <p>(f) Sikh Circuit – Patna Sahib (Patna city, Patna), Bal lila Sahib (Patna), Guru Teg Bahadur Gurudwara (Gaighat, Patna), Gurunanak Kund (Rajgir, Nalanda), Ara, Katihar, Gaya and Sasaram, Bhagalpur, Guru ka Bagh (Patna city, Patna), Gurudwara Pacci Sangat (Munger), Gurudwara Handi Sahib (Danapur, Patna) ;</p> <p>(g) Gandhi Circuit –Motihari (East Champaran), Bettiah (West Champaran), Bhitiharwa Aashram (West Champaran), Vrindavan (West Champaran), Sadakat Aashram (Patna), Gandhi Sangrahalaya (Patna);</p> <p>(h) Shiv Circuit- Guptadham (Kaimur), Baijudham (Gaya), Koteshwardham (Gaya), Singheshwardham (Madhepura), Kusheshwar Asthan (Darbhanga), Siddheshwar Asthan (Jehanabad), Ajgaibinath (Sultanganj, Bhagalpur), Ashok dham (Lakhisarai), Garibnath (Muzaffarpur), Mahendranath (Saran), Bramheshwarnath (Buxar) ;</p> |

| Tourism Segments | Our Strategic Advantage |
|-------------------------------|---|
| | (i) Mandar and Ang Circuit – Munger, Bhagalpur and Banka; (j) Kanwariya Route -Sultanganj (Bhagalpur) to Banka; |
| Culture & Heritage | <ul style="list-style-type: none"> • Bihar has a vast array of protected monuments, world heritage sites and several other sites, like the ruins of Nalanda and Vikramshila (oldest universities in the world), which have the potential of being world heritage sites. • Special heritage zones with converted heritage buildings and suitable activities can be developed, while retaining the originality of the structures • Development and promotion of museums in co-ordination with ASI and other State Government departments to promote our culture. The newly inaugurated “Bihar Museum” is an important attraction. • With a view to promote handloom and handicrafts of Bihar, “Shilp Grams” (Craft villages) and handicrafts markets is being promoted near tourist places. |
| Rural/ Village | Art and crafts of Bihar could help develop and promote rural tourism and extend the socioeconomic benefits of tourism to rural areas. For example, villages engaged in Tehta (Jehanabad), Nepura (Nalanda), Ranti and Jitwarpur (Madhubani), Patharkatti (Gaya), Nathnagar (Bhagalpur) etc. could be targeted for development of rural tourism. |
| Wellness | “Wellness Tourism” based on yoga and aqua therapy using sulphur water from hot water springs in Rajgir and Munger can be promoted. This has the potential to be Bihar’s most unique tourism offering, with holistic healing and rejuvenation of the individual from every dimension- physical, mental, and spiritual. |
| Eco and Wildlife | Eco-Tourism could be promoted through integration of wildlife sanctuaries to offer a potential tourist places. Some of the identified tourist places are: Rajgir (Nalanda), Bhimbandh Sanctuary (Munger), Kaimur Sanctuary (Kaimur), Gautam Budhh Sanctuary (Gaya), Naktidham (Jamui), Gogabill Sanctuary (Bhagalpur), Kanwar lake (Begusarai), Ghora Katora Lake (Nalanda), Kakolat Waterfall (Nawada), Telhar Waterfall (Rohtas), Gangetic Dolphin Sanctuary (Bhagalpur) and Valmiki National Park (West Champaran). |
| Ganga Based | <ul style="list-style-type: none"> • The Ganga has a unique value in terms of tourism and could be leveraged by introducing a cruise along the river, connecting historical sites near its banks such as Patna, Bhagalpur, etc. • Dolphin watching is another unique tourism product offered by the state that could be further strengthened. |
| Adventure | Water sports such as river rafting, para sailing, etc. could be developed to create more economic opportunities. |
| Fairs & Festivals | Bihar has unique events, fairs and festivals like Sonepur fair, Chath festival, Saurat Sabha, Rajgir festival and Boudh festival, all of which have the potential to attract domestic as well as international tourists, upon development of adequate facilities. |
| Cinematic | Film shootings at tourist destinations in Bihar should be further encouraged through single-window clearances along with necessary incentives, as provided for under the relevant government notifications. |
| Cuisine Based | <ul style="list-style-type: none"> • The gourmet trails of Bihar can be promoted to showcase the rich culinary heritage of the state. • The unique cuisines of the state, like khaja, lai, belgrami, tilkut, litti-chokha, sattu, makhana preparations etc. have the potential to generate economic opportunities upon |

| Tourism Segments | Our Strategic Advantage |
|------------------|--|
| | being promoted through organisation of food festivals. |

These identified products and circuits, at present, stand largely as green fields for various kinds of infrastructural and service related investments. Apart from these identified circuits there are many other geographical areas of the state which can be developed as future destinations from tourism point of view. Looking at the existing and prospective investment potential, and future growth opportunity along with the capacity to generate large number of employments in various sub-sectors of the tourism industry, the State Government has considered it as one of the thrust areas for the purpose of promotions and facilitations under its investment promotion policy. The policy, therefore, has made provisions to facilitate and incentivize private investment in the sector.

Priority sectors in the tourism sector

The priority sectors of investment in the tourism sector value chain are as follows:

| Sectors | Investment Opportunities |
|--|---|
| Transportation | <ul style="list-style-type: none"> Taxi operators at tourist places Cab aggregators/ radio taxis at tourist places Luxury coaches & cars plying on tourist circuits Air taxis and helicopter services for the tourist circuits Special tourist trains, boats, steamers, etc. |
| Accommodation | <ul style="list-style-type: none"> Hotels, motels, resorts, guest houses, homestays, etc. within 10 km radius of the identified tourist circuits Caravans, camping facilities/ tent accommodations, heritage homes, etc. |
| Tours & Travels | Travel agencies, tour operators, tourist taxis, etc. at tourist places |
| MICE facilities | Meeting hubs, convention centres, exhibition centres, event organizers, etc. at the tourist places. |
| HRD Institutions | Hotel management institutes, food craft institutes, travel & trade institutes, manpower training centres, tourist guide training centres, management institutes providing tourism sector related education and trainings, etc. |
| Souvenir shops | Handicraft shops, souvenir shops, ethnic boutiques, traditional jewellery shops etc. at tourist places |
| Wayside amenity (On the National Highways and State Highways) | Wayside amenity centres, wayside restaurants, snack bars, dhabas, pay-and-use toilets, utility shops, parking areas and shops of handloom and handicraft items produced in the state at tourist places. |
| Wellness centres | Ayurveda centres, wellness spas, treatment centres, yoga university, etc. at tourist places |
| River Attraction | Cruise, floating restaurant, floating cottages, water sports (like river rafting, para sailing), recreational facilities (like fishing, dolphin watching) etc. |
| Entertainment | Amusement parks, water parks, theme parks, craft village, ropeway, science center, museum, planetarium, etc. at tourist places |
| Cinematic | Film city |

Notes:

1. Tourist places under this policy shall mean the places (districts or blocks or villages) mentioned in the above table that lists the various “Tourism segments” and “Our strategic advantage”.
2. Any units (mentioned above) under the tourism sector located in the metropolitan area of Patna shall be excluded from the priority sector related benefits.
3. The above list of units/ enterprises is only indicative and the State Government may suitably revise the list under the priority sector from time to time.

3.3. Small Machine Manufacturing Sector

Agriculture is the mainstay of the economy of Bihar. However, high cost of agricultural practices and low productivity of crops has been an issue. The relationship between agricultural output and input, as compared to many other states of the country/ world and their averages, has been problematic. Among others, provision of irrigation facilities, use of high yielding variety of seeds, use of pesticides and insecticides, use of fertilizers and better techniques of farming, use of modern agricultural machinery and implements, etc. play a vital role in increasing the productivity of agriculture. Thus optimal level of mechanization is an imperative for ushering in the regime of low-cost agriculture in Bihar.

In the recent past, the modern agriculture implements have registered a sharp increase in their presence in the fields of Bihar. The State Government has been providing incentives -- over and above the incentive provided under the centrally sponsored schemes -- for power tillers, tractors, sprayers, winnowing machines, power weeders and power threshers. The focus is on zero tillage machines which are more suitable for farmers with small and marginal land holdings. Because of easy availability of incentive and progressive outlook of the farmers, use of latest equipment is now becoming common in the state. The increase in electrification has led to increase in usage of electrical pumps and electricity based farm equipment. The agricultural implements market in the state is now witnessing a high growth which is poised to further growth in the time to come. Looking at this growing domestic consumption market and the lack of investment in this sector in the state till date, Government of Bihar has categorized the small machine manufacturing sector related to agriculture as one of the priority sectors in the industrial investment promotion policy.

Priority sectors in the small machine manufacturing sector

The priority sectors of investment in the value chain of the small machine manufacturing are as follows:

| Sectors | Investment Opportunities |
|---|---|
| Land/ Seed bed preparation | Tractors, power tillers, levelers, ploughs, harrow, rotavator, cultivator, ridger, dozers, scrapers |
| Seeding/ planting/ sowing | Drill, seeders, planters, dibblers, trans-planters, seed cum fertilizer drills, zero tillage machines |
| Spraying and dusting Equipment | Weeders, conoweeders, tillers, sprayers, dusters, mist blowers |
| Harvesting | Harvesters/ combine harvesters, threshers, potato diggers, reapers, sheller, sickles/ straw reapers, |
| Post-harvest Equipment | Seed extractors, de-huskers, hullers/ de-hullers, cleaners, graders, dryers, winnowers, trailers, grain bins |
| Irrigation | Diesel pumps, electric pump-sets, solar pump sets, sprinklers, drip irrigation equipment, HDPE irrigation pipes, etc. |
| Small machines and components | Ancillary units for automobiles and automobiles components, diesel and electric locomotives related ancillary units, cycle manufacturing |
| General/ Business Development Services | Research & development facility, quality control laboratory/ testing laboratory, design studio/ prototyping facility, training centre/ incubation centre/skill development centre |

Notes:

1. The above list of units/ enterprises is only indicative and the State Government may suitably revise the list under the priority sector from time to time.
2. Units manufacturing parts/ components that are directly used in other small machines would also be considered under priority sector.

3.4. IT, ITeS, Electrical and Electronic Hardware Manufacturing Sector

Globally, the IT & ITeS industry, along with the hardware manufacturing sector, is the largest and fastest growing industry in the world. It is expected to reach around USD 2.4 trillion by 2020. The demand in the Indian market is poised to reach more than USD 400 billion by 2020. The importance of IT/ITeS sector is not that of a standalone sector, rather as an integral part of other industries. It has a significant penetration in to all walks of life. It has been established now that the growth in IT/ITeS sector would spur further growth in the fields of agriculture, education, healthcare, energy, telecommunication, rural development, tourism, textile, etc. The sector is yet to take off and move in the desired direction with a pace that offers potential for many entrepreneurial ventures and start up units. The availability of educated youth and cheap labour in the state pose a clear advantage to the investment in this sector, in the state. The State Government has also notified land for two IT Parks at Bihta (Patna) and Rajgir.

Priority sectors in the IT, ITeS, electrical and electronic hardware manufacturing sector

The priority sectors for investment identified by the State Government in this sector are as follows:

| Sectors | Investment Opportunity |
|--|---|
| IT & IT enabled Services | <ul style="list-style-type: none">• IT products, Software and services• ITeS such as back office operation/ business process outsourcing (BPO)/ knowledge process outsourcing (KPO), call centres, digital content development / animation etc. |
| Electronic Hardware Manufacturing | <ul style="list-style-type: none">• Computers• Computer peripherals and other office equipment• Server and storage devices• Networking• Automotive electronics• Medical Electronics• Industrial Electronics |
| Other Electronics Manufacturing | <ul style="list-style-type: none">• Mobiles, DTH, televisions, radios and consumer electronics. |
| Electrical Goods | <ul style="list-style-type: none">• Motors, pumps, fans, consumer durables, UPS etc. |

Note: The above list of units/ enterprises is only indicative and the State Government may suitably revise the list under the priority sector from time to time.

3.5. Textile Sector

The textile sector plays a key role in the Indian economy by way of significant contribution to GDP, manufacturing output, employment generation, and export earnings. The sector contributes 14% to industrial production, 4% to India's GDP and constitutes 13% of the country's export earnings. The textile sector is one of the largest source of employment generators in India; it employs over 4.5 crore people, directly.

Bihar has ample potential to house textile units and other value chain activities. Silk is the focus product in Bihar, for textile units. Bihar has been famous for the production of silk. Bhagalpur district of Bihar has been a centre of silk fabric manufacturing. Tassar silk of Bhagalpur is an exclusive product of Bihar which has the potential to fetch premium prices. Bihar had produced around 60 tonnes silk during 2014-15.

Jute is another fibre product produced in the state. Bihar produced around 1420 thousand tonnes of jute in 2014-15. A jute park is being establishing in Maranga, Purnea with an investment of INR 42.36 crore, by registered SPV M/s Punrasar Jute Park Ltd. Under PPP mode, the State Government has provided 44.30 acres land as equity and INR 2 crore as a grant. In the jute park, at present, two units M/s Tirupati Commodities Private Ltd. & M/s Punrasar Jute Park Training Centre have been established and are functional. They are producing jute yarn, jute twin, jute cloths and other jute products.

There are 14,000 power-looms in Bihar concentrated mainly in Bhagalpur, Gaya, and Banka districts. Their main products are staple chadar/bed sheets, furnishing clothes, etc. There is a training centre at Nathnagar (Bhagalpur), run by the Ministry of Textiles, where 120 power-loom weavers are trained each year.

Textile industry is a highly labour-intensive industry. Bihar is home of around one lakh weavers for whom manufacturing and dealing with fabric and garment is their livelihood. The presence of weavers' community is, therefore, an important asset base in terms of availability of skilled and semi-skilled workers for textile units. Apart from the regular weaver community, a large number of youths (especially, the female youth) in the state can be employed in the textile manufacturing units which can offer conducive employment opportunities such as sewing, stitching, cutting, and other tailoring requirements.

Priority sectors in the textile sector

The priority sectors for investment identified by the State Government in this sector are as follows:

| Sectors | Investment Opportunity |
|--|--|
| Fibre Production/ Spinning/ Weaving/ Knitting/ Processing | <ul style="list-style-type: none"> (a) Cotton/ jute/ silk / banana and other natural fibre production (b) Production of man-made fibre and filament (c) Yarn Spinning (d) Power loom and knitting (e) Yarn and fabric processing |
| Production of apparel and home textile | <ul style="list-style-type: none"> (a) Woven and knitted apparel manufacturing (b) Hosiery products manufacturing (c) Saree (d) Carpets and other home textiles |
| Manufacturing of Technical textile | Production of items under following categories: <ul style="list-style-type: none"> (a) Agrotech (agriculture, horticulture and forestry etc.) (b) Buildtech (building and construction etc.) (c) Clothtech (technical components of shoes and clothing etc.) (d) Geotech (geo-textiles and civil engineering etc.) (e) Hometech (components of furniture, household textiles & floor coverings etc.) (f) Indutech (filtration, cleaning and other industrial usage etc.) |

| Sectors | Investment Opportunity |
|--|---|
| | (g) Meditech (hygiene and medical etc.) (h) Mobiltech (automobiles, shipping, railways and aerospace etc.) (i) Oekotech (environmental protection etc.) (j) Packtech (packaging etc.) (k) Protech (personal and property protection etc.) (l) Sporttech (sport and leisure etc.) |
| Post Processing of Handlooms and Khadi Textile Products | Post production facilities using the handloom and khadi cloth |

Note: The above list of units/ enterprises is only indicative and the State Government may suitably revise the list under the priority sector from time to time.

3.6. Plastic and Rubber Sector

Plastic and rubber are versatile products used for everything from packaging other products to life sustaining equipment used in hospitals. Accelerated globalization, rapid change in technology and growing consumerism have brought with it sweeping changes and abundant opportunities for plastic industry to grow domestically. A major percentage of the population in Bihar has been engaged in agriculture. Though the land is very fertile, the farmers are affected with problems of low productivity and low return on investment, primarily, due to high dependence on monsoons. Plasticulture applications have the potential to offer them the much needed solution to improve productivity and reduce dependence on monsoons and therefore, drive the demand for plastics. The increase in electricity supply has led to increase in usage of electric pumps and irrigation systems. The distribution pipes for these electric water pumps have increased the demand for plastic pipes. Beyond this, plasticulture offers various benefits like increase in the yield, reducing water losses, cleaner produce due to reduced soil contact, etc. As per industry estimates, 35-40% of the food products produced in India are wasted due to deficient infrastructure and lack of food processing capabilities. Plastic has applications in packaging which protects the longevity and quality of food. This sector also offers significant potential for growth leading to increase in demand for plastic. The State Government's programme to connect every household with piped water supply would require plastic pipes for distribution of water. This implies that there is potential of growth for the plastic and rubber industry in the state.

Priority sectors in the plastic and rubber sector

The priority sectors for investment identified by the State Government in this sector are:

| Sectors | Investment Opportunities |
|--|---|
| Irrigation Products | Manufacturing of ISI standards PVC/CPVC pipes, emitting pipes, drippers, emitters, valves, fittings, nozzles, UV films, plant protection nets, crates, Hoses etc. |
| Packaging & Food Storage Products | Packing/ wrapping products for food items like tetra packs, containers, bags, etc. |
| Water Supply Products | Manufacturing of ISI standards PVC/ CPVC pipes |
| Electrical Fittings | PVC pipes and electrical fittings. |
| Automobile Products | Plastic automobile parts |
| Medical Supplies | Disposable syringes, gloves, blood storage pouches, catheters/ pipes, etc. and plastics used in medical field. |

| | |
|------------------------------|--|
| Building Construction | Plastic and rubber components for building construction |
| Sports and leisure | Manufacture of plastics and rubbers items for sports and leisure |
| Plastic Testing | Plastic testing laboratories accredited with ISO/IEC-17025 standards |

Note: The above list of units/ enterprises is only indicative and the State Government may suitably revise the list under the priority sector from time to time.

3.7. Renewable Energy Sector

Bihar, with approximate peak deficit of 669 MW of electricity⁴ is significantly dependent on the power supplied by the central generation stations as of now. Currently, the state is majorly dependent upon the conventional sources for electricity generation. The deficit of electricity poses an enormous constraint for all future development including industries. The per capita electricity consumption of the State is approx. 203 kWh⁵, which is still below the national average and the demand will be much higher in the foreseeable future. The state realizes the importance of electricity on the overall economic growth and has initiated steps to address this gap by implementing large power projects which are primarily based on conventional sources, and are in various stages of implementation. These large power projects have long gestation period, while the demand continues to rise; therefore, the state has a unique opportunity to meet this requirement through rapid deployment of modular RE system. Bihar has RE potential of more than 12.559 GW (solar: 11.2 GW, biomass gasifier/ co-generation: 619 MW, bagasse co-generation: 300 MW, wind power: 144 MW, waste to energy: 73 MW etc.)⁶ which is yet to be harnessed. Further, there is a potential consumption market for solar off-grid applications such as SPV pumps, solar water heaters, solar street lights, etc. This presents an enormous opportunity to the industries, for setting up units for RE modular product manufacturing, RE projects, etc.

Priority sectors in the renewable energy sector

The following kinds of facilities/ units would be considered under the priority sector:

| Sectors | Investment Opportunities |
|--------------------|--|
| Solar Power | Solar photovoltaic and Solar Thermal Power Generation, Solar Hybrid Systems and Solar applications in Domestic and Industrial Sector. |
| Bio-mass | Biomass and Biogas projects, Biomass Hybrid Systems and biomass applications in Domestic and Industrial Sector. |
| Hydel Power | Small Hydropower projects (up to 25 MW) |
| Others | <ul style="list-style-type: none"> Co-generation in sugar and other industries, Waste to Energy projects including municipal solid waste, industrial waste etc. based energy projects, Wind power projects, RE modular product manufacturing |

Note: The above list of units/ enterprises is only indicative and the State Government may suitably revise the list under the priority sector from time to time.

3.8. Healthcare Sector

Bihar is the third most populous state in India, with a population density of 1,106 persons per sq. km. The major health & demographic indicators of the state, like the infant mortality rate (42), maternal mortality rate (219), total fertility rate (3.5), etc. are much higher than the all India levels and presents an enormous opportunity to the investors to play a major role in improving these indicators. The public health facilities in Bihar are already overburdened and are in the process of being strengthened in terms of infrastructure and essential health requirements like manpower, equipment, drugs and consumables. Hence, these facilities are

⁴ In 2014-15

⁵ In 2014-15

⁶ MNRE Annual Report, 2015-16

not adequate to cater to the health care requirements of the population, at present. An overview of the healthcare related infrastructure requirement and gaps is presented in the table given below:

| Particulars | Required | In position (Functional) | Shortfall |
|-----------------------------------|----------|--------------------------|-----------|
| Medical colleges and hospitals | 40 | 9 | 31 |
| District hospitals | 38 | 36 | 2 |
| Sub-divisional hospitals | 212 | 44 | 168 |
| Referral hospitals | 70 | 57 | 13 |
| Community health centres | 838 | 0 | 838 |
| Primary health centres | 3,314 | 533 | 2,781 |
| Additional primary health centres | 2,787 | 1,350 | 1,437 |
| Health sub centres | 20,997 | 9,729 | 11,268 |

Besides, there are very few private hospitals in the state; most of the organised private healthcare infrastructure is confined to the capital town, Patna. Patients seeking secondary & tertiary healthcare services have to go to Patna or move to other states for treatment. Also, most of the healthcare needs of the state are being provided by the nursing homes, run mostly by individual private practitioners, which mostly cater to the general healthcare needs of individuals. Very few of these provide speciality services. Therefore, there is a great need and substantial opportunity for private sector interventions in healthcare industry of the state.

Priority sectors in the healthcare sector

To reinforce the State Government's vision to improve accessibility to affordable, quality healthcare services and promote medical tourism in the state, the following components have been identified as priority sectors:

| Areas | Investment Opportunities |
|---|--|
| In-patient Health Care Facilities | Specialty hospitals, super-specialty hospitals, multi- specialty hospitals, ultra-modern trauma centres |
| Emergency Medical Services | Mobile medical units, blood banks |
| HRD/Skill Development Services | HRD/ skill development centres (hospital services, bio-medical equipment maintenance etc.) |
| Manufacturing Units | Medicines |
| Manufacturing Units-Equipment & Supplies | <ul style="list-style-type: none"> • Medical equipment like patient monitors, anaesthesia machine, surgical microscope, electro-surgical equipment etc. • Service equipment like blood collection tubes, gloves, catheter, urology disposable products, mouth piece for endoscopes, etc. |
| Hospital Waste Management services | Bio-medical waste management units |
| Educational Institutes | Grade A Nursing Colleges |

Note: The above list of units/ enterprises is only indicative and the State Government may suitably revise the list under the priority sector from time to time.

3.9. Leather Sector

Leather sector has a massive potential for employment, output growth and export. In India, the sector is one of the top foreign exchange earners. Bihar has a huge potential for investment in the leather sector. On account of large raw material base (in terms of hides and skins produced in the state), plenty of cheap as well as skilled and semi-skilled labour, and a huge domestic market for consumption, it offers both comparative and competitive advantage to a prospective investor in this sector. Our strategic advantages in this sector across factors of production are as follows:

| Key Factors | Our Strategic Advantage |
|--|---|
| Availability of Raw hides and skins | <p>(a) Bihar has approximately 8% of the country's total bovine population. According to the livestock census of 2012, the total livestock population in Bihar was 329.38 lakh. As per the census, the cow population was 122.31 lakh and that of buffalo was approx. 75.67 lakh. The goat population stood at 121.53 lakh. Bihar accounts for nearly 12% of the country's total goat population, ranked 3rd in the country. These figures will improve when a new census would take place in 2017.</p> <p>(b) According to a recent survey conducted by the Central Leather Research Institute (CLRI), Chennai, Bihar annually produces 2.64 million bovine hides and 5.09 million bovine skins. The state is known for best quality goat skins, cow hides and buffalo's calf skins. Goat skins are smaller in size and the best material for the production of glazed kid's leather products, which are mostly exported.</p> <p>(c) According to a rough estimate, 3 trucks loaded with 7-8 thousand pieces of goat skins and 2-3 thousand pieces of cow hides are transported from Muzaffarpur to other destinations, daily. The leather units in the state export raw materials to Kolkata, Kanpur and Chennai, depriving Bihar of the benefits.</p> |
| Availability of Labour | <p>(a) Leather industry is a highly labour intensive industry. The small scale, cottage and artisan sectors account for over 75% of the total production from this industry and a majority of them belong to the unorganized sector. The main strength of these unorganized small cottage units has been the availability of the cheap labour, mostly from the weaker sections of the society. Women employment is predominant in leather industry with about 30% share.</p> <p>(b) Bihar, on account of its large, growing population is one of the largest labour base in the country.</p> <p>(c) At present, there are existing pockets in the state, in the districts of Patna, Gaya, Nalanda/ Biharsharif, Muzaffarpur, etc. where artisans are involved in the production of leather footwear. Thus, there is availability of skilled labour who can be readily employed in the leather units.</p> |
| Availability of Domestic Market | <p>Almost all the goods produced by the leather sector are daily use items. Thus, the consumption rate of these products is very high. The large population of Bihar comprising of growing middle class, in both urban and rural areas, creates a significant local demand for the products. A leather unit established in the immediate neighbourhood of such big markets would, therefore, enjoy both the advantage of scale and cost cuttings.</p> |

Priority sectors in the leather sector

The leather industry mainly includes units that are involved in production of finished or semi-finished leather and manufacturing of various kinds of leather goods. The state govt. has a clear focus to promote all the facilities in the value chain, from raw material processing to finished-goods manufacturing. The following kinds of facilities/ units would be considered as under the priority sectors:

| Sectors | Investment Opportunities |
|--|---|
| Manufacturing of leather products | <p>(a) Manufacturing of leather shoes, leather chappals, and other footwear items of leather</p> <p>(b) Manufacturing of leather footwear components</p> <p>(c) Manufacturing of leather garments</p> <p>(d) Leather for upholstery</p> |

| Sectors | Investment Opportunities |
|--------------------------------------|---|
| | (e) Manufacturing of leather goods (for e.g. labels, tags, belts, bags, purses hand gloves & other accessories and fashion items) (f) Manufacturing of upholstery for automobile (cars, etc.) & furniture (g) Manufacturing of saddlery and harness items |
| Storage/Warehousing | Modern warehouses for storage of raw hides and skins with or without temperature control/ refrigeration arrangements, finished and semi-finished leather and other leather goods |
| Business Development Services | R&D facilities, design studios/ facilities for prototyping, quality testing, labs, etc. |

Note: The above list of units/ enterprises is only indicative and the State Government may suitably revise the list under the priority sector from time to time.

Apart from these, the GoB would strive for the promotion of rural technologies developed by CSIR-CLRI. Units using these technologies would be treated as a priority sector for incentivising purposes. Following is the list of important rural technologies developed by the CSIR-CLRI.

- Leather Mojari/Jooti footwear
- Leather Kolhapuri footwear
- General footwear (shoes)
- Leather footwear (sandals/chappals)
- Leather puppets manufacturing
- Leather goods
- Leather board
- Collection of fallen carcasses and their utilization

Note: The above list is only indicative and the State Government may take suitable decision with regard to inclusion of any other kind of technology in the list.

3.10. Technical Education Sector

Bihar, at present, has 13 universities along with 262 government colleges and 231 local body colleges affiliated to the State Government. However, the number of institutes for technical education are limited and there are only 10 colleges for engineering and technical education. Because of lack of institutes of higher education and learning in Bihar, thousands of students migrate from the state to other states like Delhi, Maharashtra, Karnataka, Tamil Nadu, Punjab and Rajasthan to pursue their college and university education. This leads to missed opportunities for the state as a hub for higher education. As many as 25 districts out of 38 in Bihar are educationally backward.

Govt. of India has pegged the target for GER at 30% for higher education, by 2017. This would drive massive investments in the sector. At present, Bihar has a GER of 13%. According to an estimate, the state needs 373 general colleges (arts, science and commerce), 236 engineering colleges, 139 medical colleges, 253 education colleges and 163 polytechnics to attain the national levels of enrolment in higher education. It is, therefore, obvious that there is potential for newer institutes of higher learning in the state. Despite the high poverty levels in Bihar, most of the families, even in rural areas, send their children outside of Bihar for higher education and bear the additional financial burden of outstation travel and accommodation. Hence, if more institutes come up in the state, there would be enough demand for them to flourish. The education sector would also help in employment generation in the state as most of the higher education institutes would result in establishment of

educational townships with facilitation of daily needs of its residents. Hence, there would be creation of many opportunities for small business owners and young entrepreneurs.

Priority sectors in the technical education sector

In the technical education sector, the following facilities/ units would be considered under the priority sector:

| Sectors | Investment Opportunities |
|---------------------|--|
| Technical Education | Engineering colleges and polytechnic institutes (registered under the AICTE Act) |
| Skill Development | Technical skill development centres imparting training with high end equipment and empanelled by BSDM or Department of Industries, |

Note: The above list of units/ enterprises is only indicative and the State Government may suitably revise the list under the priority sector from time to time.

4. Ease of Doing Business Reform

4.1. Introduction

The Government of Bihar is committed to establish a conducive environment for the entrepreneurs in the state, in order to attract investments and create substantial jobs opportunities. A series of measures have been taken up to improve the ease of doing business in the state and the emphasis has been on simplification and rationalization of the existing rules/procedures for hassle free entry & operation of business units across the state. A brief summary of some of the key ‘ease of doing business’ reforms is given below:

4.1.1. Availability of Information

- a) The ‘Udyog Samwad Portal (www.udyog.bihar.gov.in) – A one stop platform for investors” provides information on acts/rules/policies/circulars/notices/notifications published by all relevant departments of the state.
- b) Detailed procedures/ guidebooks covering all applicable steps, from application submission to application approval, have been published online to facilitate investors in their application process
- c) A comprehensive checklist of all the documents that need to be submitted as part of the application has also been made available on the websites.

4.1.2. Institutional strengthening to catalyse industrial development

- a) The Udyog Samwad Portal (www.udyog.bihar.gov.in) – A one stop platform for investors, also facilitates grievance redressal. This platform provides an option to directly interact with the Principal Secretary, Department of Industries.
- b) Empanelled professional project management agencies (PMAs) in the food processing sector could facilitate speedy project appraisal and clearances
- c) Defined punitive actions on non-compliance of services are covered under Bihar Right to Public Service Act
- d) Application process and documentation requirement along with reduced timelines for various clearances such as electricity connection, VAT registration, professional tax registration, etc. have been simplified.

4.1.3. Labour related reforms

Some of the key labour related reform measures undertaken by the State Government are:

- a) Online application for registration and licenses (including renewal) under the Factory Act & other labour laws.
- b) Application tracking facility & clear timelines mandated for issue of registration certificates and licenses including online facility to download the registration certificate & other licenses
- c) Single joint inspection and single annual return for various labour laws

- d) Online facility for verification of registered and licensed units
- e) Well defined inspection procedures, including online risk based differential compliance inspection of registered units including automatic allocation of inspectors, etc.

4.1.4. Tax Related Reforms

Some of the key tax related reform measures undertaken by the State Government are:

- Online application for Value Added Tax, Professional Tax, Entry Tax, Entertainment Tax & Luxury Tax registration
- Application tracking facility & clear timelines mandated for issue of registration certificates
- Online facility to download registration certificates and enquiry reports
- Online facility for verification of registered and cancelled dealers
- VAT refund to the dealers account within 60 days
- Computerized system to identify dealers for audit (based on publically notified risk parameters)

4.1.5. Environment Related Reforms

Some of the key environment related reform measures undertaken by the State Government are:

- Online consent management system for Consent to Establish (CTE) and Consent to Operate (CTO) under Water & Air Act; authorization under Hazardous Waste Rules
- Application tracking facility & clear timelines mandated for issue of CTE/CTO/authorization certificates including online facility to download certificates
- Industries under Green category exempted from obtaining CTO & CTE
- Validity of CTO increased from 3 years to 5 years
- Lowered compliance inspection requirement-Green: once in 5 years, Orange: once in 3 years & Red: once in a year)

4.2. Way forward

Reform measures will be taken to streamline procedures across departments so that the investors would be able to obtain statutory clearances and approvals in a transparent and time-bound manner. The following steps will be taken to facilitate ease of doing business in Bihar:

- **Single Window Clearance System:** A new and simplified system of single window clearances will be put in place with suitable changes in the legislative framework. The online system will also provide facility for online application, adjustment and reimbursement of incentives.
- **Provision of Common Application Form (CAF):** A Common Application Form (CAF) will be introduced which will ensure coordination among all agencies involved in providing clearance. CAF will be web-based and will gradually be aligned to the Government of India's e-biz portal (www.ebiz.gov.in) so that prospective investors can obtain all clearances from one source.
- **Provision of Programme Management Agency (PMA):** The DoI will empanel PMA(s) to provide technical assistance as well as secretarial services to the competent committee in finalising the investment proposals for the approval including monitoring and reporting the progress. The PMA(s) will be the single point of contact for the investors to coordinate with the government for their investment proposals.
- **Amendment in the BIADA Act:** The GoB will review the existing Bihar Industrial Area Development Authority Act, 1974 and amend it to further strengthen the legal framework for planned development of industrial areas.
- **Inclusion of industry related services under the Bihar Right to Public Services Act, 2011:** In order to ensure accountability for timely processing of requests, additional investor-related services will be included under the Bihar RTPS Act.

- **Provision of Self certification:** The new single window system will have provisions for self-certification with random check by the statutory authorities after commencement of production.
- **Rationalisation of rules & regulations:** Considerable rationalization of labour law compliances has been implemented in the state. However, a further review in order to possibly ease compliances will be conducted, in consultation with industry representatives.
- **Monitoring & Grievance Redressal System:** The grievance redressal in regard to this policy will be done under the purview of the Bihar Lok Shikayat Nivaran Adhikar Adhiniyam, 2015. Additionally the DoI will strengthen the existing web based interaction mechanism (www.udyog.bihar.gov.in) where suggestions and complaints can be directly addressed to the Industrial Development Commissioner/Principal Secretary, Industries Department.

5. Enabling Infrastructure for Industrial Investment

5.1. Introduction

Facilitation of high-end quality infrastructure facilities, including developed industrial land, availability of quality power, efficient transportation network, etc., is the prime focus of the current policy. These infrastructure facilities are keys to the growth of business and industry in the state. Following is the brief of the existing infrastructure in the state.

| Particulars | Description of Existing Infrastructure |
|------------------------|---|
| Industrial Land | <p>(a) Bihar is one of the largest states of the country in terms of land area. Its total geographical area is around 93.6 lakh hectares. Because of its topographical nature, the proportion of total land put to agricultural use is high as compared to other states of India. Out of the total land area of the state, around 57% is under agriculture. Looking at the facts that agriculture is the mainstay of the economy and that the population of the state needs land for residential and other uses, it has been a challenge for the government to be able to carve out land for industrial uses or to convert open lands to industrial lands.</p> <p>(b) BIADA is the key agency for allotting lands/ industrial plots to the prospective units in Bihar. BIADA has four regional offices at Patna, Darbhanga, Muzaffarpur and Bhagalpur. At present, there are 50 Industrial Areas (IA)/ Industrial Estates (IE)/ Large Industrial Estates (LIE)/ Growth Centres (GC)/ Mega Industrial Parks (MIP) under the purview of BIADA.</p> <p>(c) Up to Dec. 2015, BIADA had acquired a total of 5851 acres of land, of which 3324 acres has been allotted to the investors. After allocating the land for infrastructure, 182 acres of vacant land is available at various industrial areas. BIADA to preferably allot lands to manufacturing units.</p> <p>(d) BIADA allots the land in an industrial area after developing necessary infrastructure like roads, power, water and drainage facilities, etc. As on Dec. 2015, 1544 industrial units were in operation in various industrial areas.</p> <p>(e) The State Government has given approval to setting up of industrial units in parks that have industrial plots available for allotment to investors. These are:</p> <ol style="list-style-type: none"> Pristine Mega Food Park: The Park is coming up in Khagaria district. It is spread over an area of 98 acres. The park is likely to be operational by this financial year. Punraser Jute Park: This is the country's only jute park. It is situated in Purnea district. It is spread over an area of 44.30 acres. The park is operational at present. IT, ITeS and Electronic Manufacturing Park: The State Government has |

| Particulars | Description of Existing Infrastructure |
|-----------------|--|
| | <p>earmarked around 100 acres in Rajgir and 25 Acres in Bihta (Patna) for an IT, ITeS and Electronic Manufacturing Park.</p> <p>d. Leather Cluster: It is situated in Muzaffarpur with about 11 acres of land.</p> <p>e. Garment Manufacturing Park: It is situated in Bihta (Patna) having 25 acres of land.</p> <p>All these parks have well developed infrastructural facilities for setting up of an industrial unit.</p> |
| Power | <p>(a) The installed power capacity in Bihar was 3704.63 MW in March, 2015. Out of this, 83.5 percent is coal based thermal power, 14.12 percent is hydro power, and the remaining 2.3 percent is renewable energy.</p> <p>(b) In terms of ownership, central sector has the largest share, i.e. 77.9%, followed by the private sector/ IPPs (14.7%) and the state sector (7.4%).</p> <p>(c) The State Government has entered into short term, medium term and long term contracts for power purchases so that power availability does not remain a problem for the state. Due to increased availability of power, the per capita consumption of power in Bihar has risen from 145 kWh in 2012-13 to 203 kWh in 2014-15, implying a growth of about 40% in two years, which is the highest among states in the country.</p> <p>(d) There are 13 minor hydel projects that are currently operational in the state, with a total installed capacity of 54.3 MW. Presently, Bihar State Hydroelectric Power Corporation (BSHPC) is also engaged in exploring the possibilities of bringing up more such minor hydel power projects in the state. There are 17 schemes under which exploration work is in progress.</p> <p>(e) The GoB has allowed open access for purchase of power in the state. It has also allowed the net metering arrangement for grid connected solar rooftop photovoltaic systems and has made regulations in this regard. Further, it has also notified the provisions for banking of solar power for captive use, group captive use, and for third party sale.</p> |
| Road | <p>(a) At present, the total road length in Bihar is around 2.26 lakh km. Out of this, the total length of NH is around 4595 km. Approximately 68% of NHs are double and multiple lane roads and the rest 32% single and intermediate lane roads.</p> <p>(b) The total length of the State Highways (SH) in Bihar is around 4253 km. Out of this approx. 65% is double-lane, 20% is single-lane and 15% is intermediate-lane road.</p> <p>(c) The state has a vast network of district roads also. The total length of Major District Roads (MDR) in the state is around 10,634 km with a major portion (54%) having a width of 3.75 meters. Out of the total length of MDR, 4897 km have been converted into intermediate or 2-lane width. Those roads which are yet to be converted into wider roads, have undergone surface renewal or repair work. The State Government is making endeavours to upgrade 5175 km of MDR to a minimum standard of intermediate lane with 5.50 meters width.</p> <p>(d) At present, the state has around 2.07 lakh Km. of rural roads. All the rural roads are being gradually upgraded to pucca roads, under different schemes like Mukhya Mantri Gram Sampark Yojana, Pradhan Mantri Gram Sadak Yojana and Grameen Tola Sampark NischayYojna.</p> |
| Railways | <p>(a) Bihar has an extensive railway network of 3,638.73 km. All the districts of the state are well connected to the rail network. Almost all the districts of the state are connected with major cities of the country through the rail network.</p> |

| Particulars | Description of Existing Infrastructure |
|-----------------------------|--|
| | <p>(b) There are two major rail routes passing through the state:</p> <ul style="list-style-type: none"> i. Delhi –Guwahati Rail Route via Chapra-Barauni-Katihar ii. Delhi-Kolkata Rail Route via Ara, Buxar, Patna, including Grand chord line via Gaya <p>(c) Hajipur in Bihar is the HQ of the ECR. The ECR commands a vast network of 5230 track kilometres and 3624 route kilometres spread across the states of Bihar, Jharkhand, Uttar Pradesh and Madhya Pradesh.</p> <p>(d) Quite recently, 3 major projects for rail-cum-road bridge have been commenced in Bihar at an estimated cost of INR 7000 crore. These rail-cum-road bridges would contribute in consolidating the transportation across the state.</p> <p>(e) The state is also speeding up on execution of the Patna metro rail project. State Government has already prepared the detailed project report (DPR) for the metro rail project and has also given it the in-principle approval.</p> |
| Air way connectivity | <p>(a) Bihar has one domestic airport in Patna and one international airport in Bodh Gaya. Several domestic airlines connect Patna to Delhi, Kolkata, Mumbai, Lucknow, Bengaluru, Hyderabad and Ranchi.</p> <p>(b) The number of aircraft movement in Bihar has increased to 11054 in 2014-15. Over the past two years, the number of passengers increased from 10.5 lakh to 12.0 lakh and freight also increased from 4849 tonnes to 5198 tonnes.</p> |

5.2. Measures for creation of enabling infrastructure during the policy period

In order to strengthen the existing infrastructure situation in the state, the government has proposed the following measures during the policy period:

5.2.1. Allotment of vacant industrial land for priority sector projects

During the policy period, BIADA would strive to allot all the available vacant land (around 182 acres) at the various industrial areas to the prospective and eligible projects. In this regard the meeting of “Project Clearance Committee of BIADA” will be convened in a time bound manner. These vacant lands shall be allotted to the manufacturing units. The Government would also put efforts to facilitate the allotment of lands in the industrial parks to manufacturing units.

5.2.2. Establishment of new industrial areas and expansion of existing industrial areas by BIADA

- (a) BIADA would strive to develop new industrial areas as well as expand existing industrial areas across the various districts of the state. It is envisaged that a total of 5000 acres of land would be acquired and developed by BIADA over the next 3 to 5 years/ during the policy period. For this, government land from the land bank would be alienated and transferred to BIADA. Appropriate budget provisions would be made for the development of the new industrial areas. BIADA would develop the land suitable for industrial manufacturing units and notify the final rates at which the land would be available to industrial units.
- (b) As a policy decision, lands in industrial area controlled by BIADA shall be used only for the allotment to the manufacturing units. BIADA has notified the objective criteria for the allotment of land in the industrial areas. It has also issued a notification for earmarking industrial areas on the basis of criteria like type of industries and pollution level. The State Government may notify from time to time the kind of industry that can be allotted land in the industrial area controlled by BIADA.
- (c) As a policy decision, 25% of the land in a newly established industrial area by BIADA would be allotted to the MSME units. Out of these 25% allotted to MSME units, 75% will be for Micro & Small enterprises and 25% will be for Medium enterprises.

5.2.3. Recovery of land from Sick/ Closed units

Wherever feasible, the Govt. would strive to recover land from sick and locked out industries, more so in the existing industrial areas. BIADA may also formulate a suitable “One time Settlement” process for this.

5.2.4. Promotion of private participation for increasing availability of industrial land: “Aao Bihar” Scheme

- (a) “Aao Bihar” Yojana is a flagship scheme of the Government of Bihar to facilitate private buyers and sellers of land in respect of setting up of industrial units in the state. The scheme was launched in 2011.
- (b) Under this scheme any person/ group of persons, who own 2 acres or more land and want to sell their land for establishment of industries or institutions, can enlist their land details on the “Aao Bihar” Portal. The information shall be made available to prospective buyers on the website. Entrepreneurs interested in buying land can locate the land on the portal. The State Government through its machinery shall help the entrepreneur to verify the title and ownership of the land so as to enable the buyer to buy the land.
- (c) The role of govt. would be that of a facilitator only. It would not have any role in fixing the rates of the land and in the allotment of the land.

5.2.5. Establishment of Air cargo complex

An air cargo complex has been proposed in the state in Patna/ Gaya for products of export oriented industrial units and transportation of perishable agriculture goods from the state. The government would strive for its establishment during the policy period.

5.2.6. Container Freight Terminal

There are two container freight terminals in the state at Fatuha & Bihta. The GoB would pursue to upgrade the facilities available at these terminals.

5.2.7. Promotion of Amritsar Kolkata Industrial Corridor& IMCs

The Government of India has proposed to develop the Amritsar-Kolkata Industrial Corridor along the Eastern Dedicated Freight Corridor. The proposed AKIC passes through three districts of the state viz Gaya, Jamui and Banka. The GoB would pursue to develop the influence area as an industrial hub. For this, the GoB would assess the infrastructural needs in the influence area and formulate a suitable intervention plan. As of now, GoB has shortlisted a location near, Dobhi, Gaya District for an IMC.

5.2.8. Increase in the availability of quality/reliable power supply

- (a) At present, the work is in progress for four more generating units in Bihar that have been listed below. On completion of all these projects, the dependence of Bihar on the central sector for power will be lessened.
 - i. **Nabinagar Stage-1 Plant:** This project is located in Aurangabad district of Bihar. For this power project, construction works of three units of 660 MW each is in progress.
 - ii. **Power Projects in Buxar, Bhagalpur and Lakhisarai:** An agreement has been signed with Satluj Hydro Electric Corporation for the construction of power project at Chausa (Buxar), having two units of 660 MW, each. In addition, an agreement has also been signed with NHPC and NTPC for the construction of two thermal power plants of 660 MW, each. The plant in Pirpainti (Bhagalpur) will be constructed by NHPC and that in Kajara (Lakhisarai) by NTPC.
 - iii. **Ultra-Mega Power Project (Banka):** A proposal has been sent for the establishment of a power project in Banka (approximately 4000 MW), for which 2500 acres of land has been identified.
 - iv. **Mathauli Hydel Power Project (West Champaran):** The construction work for this power project is nearing completion. It would have a capacity of 800 KW.
- (b) Efforts will be made to ensure availability of 24 hours of uninterrupted power supply to the industries situated in all industrial areas. All the industries getting electricity supply from 132/220 KVA feeders, will be exempted from power cuts, until necessary for safety of the grid. For this purpose, generation and distribution systems will be adequately upgraded.

- (c) All such feeders of 33/11 KVA substations, which have more than 75 per cent industrial load, would be recognized as industrial feeders and exempted from power cuts. If consumers of other categories are connected to these feeders, then steps would be taken to separate them.
- (d) **Open Access Policy:** The State Government shall allow power under the Open Access Policy as per the Electricity Act, 2003. This shall allow large users of power — typically having connected load of 1 megawatt (MW) and above —to buy cheaper power from the open market. It would help industry buy power at competitive rates and be competitive in the market.

5.2.9. Establishment of gas pipeline network

To ensure availability of natural gas as clean energy for industrial development, a gas grid will be developed in the state; necessary steps will be taken to ensure the supply of natural gas according to industrial and domestic demand in the state.

The Government of Bihar would coordinate with GAIL and other oil companies engaged in laying the proposed natural gas pipeline network from east coast of the country. Efforts would be made to make gas available through pipelines to maximum areas, especially to industrial locations. MoUs have been signed between GoB–IOC and GoB- GAIL to establish a gas pipeline network in the state. The main gas pipeline of GAIL shall pass through Gaya, Aurangabad, Rohtas and Kaimur districts of Bihar.

5.2.10. Promotion of MSME Clusters – Establishment of CFCs

- (a) The current industrial policy adequately recognizes the importance of the development of the MSME clusters; therefore, intends to promote them. There are several existing and potential MSME clusters in the state. For e.g.
- i. Brass and Bronze Metal Utensils Industry Cluster, Pareb, District-Patna
 - ii. CFL& LED Bulb, Patna city, District- Patna
 - iii. Leather Footwear, Patna city, District- Patna
 - iv. Makhana, Located in four district (Darbhanga is the key center)/ Darbhanga
 - v. Leather Products Cluster, District- Chappra
 - vi. Agarbati Manufacturing Cluster, District- Gaya
 - vii. Lahathi (lac) Cluster, District- Muzaffarpur
 - viii. Leather Shoes and Chappal Cluster, District- Muzaffarpur
 - ix. Brass & German Silver Utensils Cluster, District- West Champaran
 - x. Rice Milling Cluster, District- East Champaran
 - xi. Rice Milling Cluster, District Lakhisarai
 - xii. Copper Bronze Alloy Utensil Cluster, District Vaishali
 - xiii. Leather Shoes and Chappal Cluster, District-Nalanda
 - xiv. Readymade Garment Cluster, Patna city, District- Patna
 - xv. SilawkaKhaja Cluster, District- Nalanda
 - xvi. Sweet and NamkinKhaja Cluster, District-Madhepura
 - xvii. Bamboo Works Cluster, DistrictMadhepura
 - xviii. Handloom and Khadi (Post processing) Clusters
 - xix. Handicraft Clusters
 - xx. Small Machines and tools manufacturing Cluster in Aurangabad and Raxaul, East Champaran

- (b) None of the existing, new or potential clusters have adequate facilities. Primarily, in terms of CFC. The cluster actors are also technologically poor and there is a dire need of technology and skill upgradation in these clusters.
- (c) In order to promote the cluster, the GoB had launched a special scheme named “Chief Minister MSME Cluster Development Scheme” in the year 2013. The Government would strive to implement this scheme effectively during the current policy period.
- (d) The State Government would also extend all necessary support to a cluster of industries under the relevant schemes of Government of India viz Micro and Small Enterprises-Cluster Development Programme of Ministry of MSME and Industrial Infrastructure Upgradation Scheme of Department of Industrial Policy & Promotion, GoI.

5.2.11. Promotion of Private Industrial Parks

- (a) The current policy adequately recognizes the role of private participation in order to develop industrial plots/ land and other basic infrastructure facilities in the state.
- (b) To encourage private participation, the Government of Bihar had launched the “**Policies for Private Industrial Park**” in 2013. This policy would be treated as an integral part of the current industrial policy and the government would strive to implement this scheme effectively during the current policy period subject to certain revisions/ amendments. The government would also encourage the establishment of sector specific parks, especially, for the priority sectors (e.g. food parks, leather parks, IT parks, textile parks, etc.)
- (c) Under this policy, the Government of Bihar would provide incentives to the promoters of private industrial parks. A detail guideline about the incentives available to the private industrial parks and terms & conditions are furnished in chapter 6 (Section 6.7).

6. General Package of Incentives

Government of Bihar recognizes the need of fiscal incentives to improve the competitiveness of the units operating in the state. Accordingly, Government of Bihar has formulated a customized package of fiscal incentives which takes into cognizance state’s comparative advantages and will trigger the next round of industrial growth in the state.

6.1. Guiding Principles/ General Provisions

- (i) These general provisions shall be applicable to all units eligible under this policy.
- (ii) Effective date means the date on which the provisions of this policy come into force. This policy will remain in force for 5 years from the effective date.
- (iii) The state would encourage the prospective promoters to avail term loan facility from the scheduled nationalized bank or financial institution approved by RBI/SEBI for setting up a unit and availing incentive on the investment.
- (iv) Unit applying for incentives shall provide a Detailed Project Report (DPR) accompanying the Bank Appraisal Report prepared by the scheduled nationalized bank or financial institution approved by RBI/SEBI, which is supposed to extend the term loan to the unit. The appraisal report prepared by the bank/ financial institute shall form the basis for ascertaining the project cost for calculation of incentives.
- (v) For the purpose of calculation of incentives under this policy, the approved project cost shall mean the project cost finally approved by the competent authority as defined by the Department of Industries from time to time. The approved project cost shall be the basis for determining the incentives.
- (vi) In the approved project cost considered for incentive calculation under this policy, the cost of land shall not exceed a limit of 10% of the total proposed investment other than the land. Thus in the approved project cost either the actual cost of land mentioned in the project report assessed by the bank/ financial institutions or 10% of the total proposed investment excluding the land, whichever is less, will be considered. This principal shall be followed for examining all investments under this policy.

- (vii) All incentives mentioned this policy under shall be provided post-production i.e. after the date of commercial production/ operations.
- (viii) In case of SC/ ST entrepreneurs, the maximum limit of all kinds of incentives (except for land) shall be increased by additional 15% across all categories (i.e. MSME & large units). For more details, please refer to Section 6.4.
- (ix) In case of women, differently abled entrepreneurs, war widows, acid attack victims and third gender entrepreneurs, the maximum limit of all kinds of incentives (except for land) shall be increased by additional 15% across all categories (i.e. MSME & large).For more details, please refer to Section 6.5.
- (x) A unit will not get any incentive beyond a period of 5 years from the date of commencement of commercial production or 5 years from the date of end of this policy, whichever is earlier.
- (xi) The incentives will cease either on the exhaustion of the applicable quantum or on the completion of the eligible period, whichever is earlier. Any unutilized incentive at the end of eligibility period shall lapse.
- (xii) Any incentive under any other scheme/policy of the State Government or Central Government availed by a unit will not be considered for calculating the total accruable incentives to the unit.
- (xiii) In the event of change in ownership or management of a unit, the same shall be intimated by the unit to the competent authority as defined by the Department of Industries from time to time. If required, a revised Letter/ Eligibility Certificate shall be issued to the unit (in the name of new owner) for balance incentives. The eligibility period shall not be extended under any circumstances and shall continue to be defined with effect from the original date of production.
- (xiv) In the event of any change in the shareholding pattern of a unit promoted by SC/ST/ women/differently abled persons/ war widows/ acid attack victims/ third gender entrepreneurs within 5 years of start of the commercial production, the new shareholders should be from the same category. In case the new shareholders are not from the same category, the amount of incentive extended to such units shall become liable to be recovered from the date of availing such incentives along with interest compounded annually @ 18% per annum.
- (xv) If any false declaration is given for the purpose of availing incentives or if any incentives are availed for a unit that was not eligible, the amount of incentives are liable to be recovered from the date of availing such incentives along with interest compounded annually @ 18% per annum. In case of non-payment within the stipulated time, the State Government may recover such amounts including interest as arrears of land revenue.
- (xvi) Any attempt to break/ divide or merge units only for the sake of availing higher amount of incentive without substantial operational reasons shall be treated as misrepresentation of facts and will attract penal action as decided by the competent authority.
- (xvii) Any existing or new units, expanding its capacity, diversifying, or modernizing during the policy period will be given the benefits as applicable to new units on their incremental approved project cost. To avail the benefits, there must be a capacity expansion/modernisation of at least 50% of the capacity of the existing unit.
- (xviii) Negative list of industries/sectors which shall not be eligible for any incentives under this policy are stated in “Annexure II - Negative list of industries”. These industries/sectors shall not be eligible for any incentive, including under the GST regime.
- (xix) All matters of interpretation/disputes shall be decided by the Industrial Development Commissioner/ Principal Secretary, Department of Industries. Such interpretation/decision shall be final.

6.2. Package of incentives

State Government is committed to encourage the process of industrialization by assuring an entrepreneur-friendly regime and an attractive package of incentives for the entrepreneurs. The following package of incentive will be made available to the entrepreneurs:

| Type of Incentive | Salient Features |
|--|---|
| 1. Reimbursement Stamp Duty/ Registration | <ul style="list-style-type: none"> a) No stamp duty to be paid in respect of land allotted by the government to IDA/ BIADA. b) 100% reimbursement of stamp duty/registration fees levied on lease/ sale /transfer of industrial land/shed as also those outside the jurisdiction of Bihar Industrial Area Development Authority would be available to all the new units after the unit commences the commercial production. This reimbursement of stamp duty and registration fees will be granted only for the first time and will not be applicable in subsequent stages of lease/sale/transfer. This incentive will be available to new units only. c) The area of land required by the unit shall be fully described in the DPR and the Bank Appraisal Report prepared by the bank or financial institution which is supposed to extend the term loan to the unit. |
| 2. Land Conversion Fees | <ul style="list-style-type: none"> a) 100% reimbursement of “land conversion fees”/ “change in land use” fees being levied for conversion of agricultural land after the unit commences the commercial production. |
| 3. Interest Subvention | <ul style="list-style-type: none"> a) State shall extend “Interest Subvention” to all the eligible units on the term loan availed by the unit from a scheduled nationalized bank or financial institution approved by RBI/SEBI. b) Rate of interest for interest subvention will be 10% or actual rate of interest on term loan, whichever is lower. For micro and small units, there shall an interest subvention of 12%. c) The overall limit of this subvention for priority sector units will be 30% of the approved project cost. The subvention limit for non-priority sector units shall be 15% of the approved project cost. The upper limit of this subvention shall be Rs.10 crore. d) Disbursement of the subvention amount would be in instalments linked with the term loan repayment schedule stipulated by the concerned bank/financial institutions which extends the term loan to the unit. Interest shall not be paid on promoter’s contribution in any form in the unit. e) In case the promoters do not avail any term loan for the unit, they would not be eligible for this incentive. |
| 4. Tax related incentive | <ul style="list-style-type: none"> a) All new units can avail tax related benefits with a maximum limit as defined below: <ul style="list-style-type: none"> i. Non-priority sector:70% of the approved project cost ii. Priority sector: 100% of the approved project cost b) All new micro and small units will be given tax benefits by additional 30% of the approved project cost. c) All units engaged in generation of solar and/ or renewable energy for commercial purpose will be given tax benefits by additional 30% of the approved project cost. d) All new units will be entitled to avail 80% reimbursement against the admitted VAT/ CST/ Entry Tax deposited in the account of the State Government (excluding strictly any tax paid by them arising out of a purely trading business), for a period of 5 years from the date of commencement of commercial production. The VAT/Entry Tax/CST reimbursement shall be applicable only to the net tax payable, after adjustment of input tax credit against the output tax liability. |

| | |
|--|--|
| | <p>e) Government of India is in the process of introducing a uniform Goods & Services Tax (GST) regime throughout the country. In case GST becomes effective, the tax related benefits will be suitably modified.</p> <p>f) All new units shall be eligible for 100% reimbursement of the electricity duty on power including captive power consumed by the same unit or exported to the BSPHCL from the date of commencement of commercial production for a period of 5 years subject to the overall limit defined above. Electricity duty exemption will not be available on captive power exported to entities other than BSPHCL.</p> |
|--|--|

6.3. Dovetailing with Central Government policies and schemes

Dovetailing of incentives with the Central Government schemes would be allowed under this policy subject to the condition that the same asset should not be covered under both the State and Central Government schemes. Thus, in case of grant availed/ to be availed by the promoter on a particular asset of the unit under any scheme of GoI, the approved project cost for the purpose of calculation of incentive under state policy will be arrived at by deducting the value of that asset.

6.4. Special Incentive Package for Scheduled Caste and Scheduled Tribe Entrepreneurs

6.4.1. Efforts shall be made to promote entrepreneurship among the Scheduled Castes (SC) and Scheduled Tribes (ST).

6.4.2. In case of a new unit established by a SC/ ST entrepreneur, the rate of interest for interest subvention will be 11.5% or actual rate of interest on term loan, whichever is lower (except for Micro and Small units). In case of micro and small units being established by a SC/ ST entrepreneur, the rate of interest for interest subvention will be 13.8% or actual rate of interest on term loan, whichever is lower.

6.4.3. The overall limit of this subvention will be 34.5% of approved project cost (for priority sector projects)/ 17.25% of approved project cost (for non-priority sector projects). The upper limit of this subvention shall be INR 11.5 crore.

6.4.4. In case of a new unit established by a SC/ ST entrepreneur, she/ he will be entitled to avail 92% reimbursement against the admitted VAT/ CST/ Entry Tax deposited in the account of the State Government (strictly excluding any trading related taxes paid by them), with a maximum limit as defined below:

- i. **Non-priority sector:** 80.5% of the approved project cost
- ii. **Priority sector:** 115% of the approved project cost

6.4.5. The State Government will provide Project Management Consultancy support to SC/ST entrepreneurs to facilitate the establishment and operation of units.

6.4.6. Special clusters shall be created for such entrepreneurs with common facilities.

6.5. Special Incentive Package for Women, Differently abled persons, War widows, Acid attack victims and Third gender entrepreneurs

6.5.1. Efforts shall be made to promote entrepreneurship among the women, differently abled persons, war widows, acid attack victims and third genders.

6.5.2. In case of a new unit established by women, differently abled persons, war widows, acid attack victims and third gender entrepreneurs, the rate of interest for interest subvention will be 11.5% or actual rate of interest on term loan, whichever is lower (except for Micro and Small units). In case of micro and small units being established by women, differently abled persons, war widows, acid attack victims and third gender entrepreneurs, the rate of interest for interest subvention will be 13.8% or actual rate of interest on term loan, whichever is lower.

6.5.3. The overall limit of this subvention will be 34.5% of approved project cost (for priority sector projects)/ 17.25% of approved project cost (for non-priority sector projects). The upper limit of this subvention shall be INR 11.5 crore.

6.5.4. In case of a new unit established by the entrepreneur, he/ she will be entitled to avail 92% reimbursement against the admitted VAT/ CST/ Entry Tax deposited in the account of the State Government (strictly excluding any tax paid by them arising out of a purely trading business), with a maximum limit as defined below:

- i. **Non-priority sector:** 80.5% of the approved project cost
- ii. **Priority sector:** 115% of the approved project cost

6.6. Dovetailing with State Government Schemes for MSME Cluster Development

Dovetailing of incentives under the Chief Minister Cluster Development Scheme for the establishment of the CFCs would be allowed under this policy. It would however be subjected to the condition that the same asset should not be covered under both the industrial investment promotion policy and the said scheme. Thus, in case of incentives availed/ to be availed by the promoter on a particular asset of the CFC under the said scheme, the approved project cost for the purpose of calculation of incentive under industrial investment promotion policy will be arrived at by deducting the value of that asset.

6.7. Incentive for Private Industrial Park

Incentives shall be made available for setting up of Private Industrial Parks. The effective guidelines of the scheme during the current policy period would be as follows:

- (a) The private industrial park can be established by an individual promoter/ partnership firm/ LLP/ company or any entity registered under the Companies Act/ Societies Act.
- (b) The promoter of the park has to arrange for the land. The State Government would not have any role in arranging the land for the park.
- (c) The minimum area of the proposed private industrial park should be 25 acres (3 acres in case of IT parks).
- (d) The land proposed for the park should be under the absolute possession of the promoter and should be free from any encumbrances. It should not have been obtained/ owned by the promoter on leasehold basis.
- (e) At least 20% of the land would be earmarked for the general use/development of basic infrastructure/ green area and future requirements.
- (f) The industrial park shall have a minimum of 5 independent production units.
- (g) The promoter would be responsible for the allotment of land/plots to the individual units. The State Government would not have any role in this.
- (h) The promoter shall not create residential units in the industrial park or convert the industrial park into a real estate project. The industrial park shall only be used for industrial use. All private industrial parks shall

be notified as industrial lands. Under no circumstances a private industrial park shall be put into any other use other than for industrial purposes.

- (i) The rates for the industrial plots in the private industrial park would be ascertained by the promoter. The State Government would not have any role in this.
- (j) The promoter of the park would create a fund called “Development Reserve Fund (DRF)” for the development of external infrastructure of the park. The promoter would contribute 5% of the fund collected through land allotment and 10% of the Annual Net Profit in the DRF. The DRF would be maintained in the form of a fixed deposit. A committee would be constituted for the operation of the DRF. The committee would consist of promoter/ representatives of the promoter and units operating in that park. At any point of time, a maximum of 33% of DRF can be used for the development of the appropriate infrastructure. Further, the promoter would charge a maintenance fee from the operating units in the park. The same committee would be responsible for the operation of the fund created from the maintenance fee collected.
- (k) A private industrial park would be eligible for an interest subvention at the rate of 10% or actual rate of interest on term loan, whichever is lower, to the extent of 30% of the approved project cost subject to a limit of INR50 crore. A sector specific private industrial park for the priority sector units (for e.g. food parks, leather parks, textile parks, IT parks etc.) would be given an interest subvention to the extent of 35% of the approved project cost subject to a limit of INR 50 crore. The promoter of the private industrial park shall be eligible for the interest incentive after the completion of the park.
- (l) In addition to the above, the private industrial park would also be eligible for the incentives mentioned under Section 6.2. Interest subvention shall be payable as per clause (k) above.
- (m) All the units set up in a private industrial park would be eligible to avail incentives under the industrial investment promotion policy, based on their eligibility.

7. Preferential purchase policy

- (a) The purchase preference policy shall apply to only those MSME firms/units wherein the manufacturing activity results in significant value addition. Simply trading and packaging units shall not be eligible for price preference.
- (b) MSMEs quoting prices within 15% of the lowest eligible price bid of other bidder(s) shall be eligible for purchase preference in the state. In such cases the MSME unit shall be given an order of 15% of the total order value on the lowest eligible price bid. In case of a tie, the state based MSME units will be given the preference.
- (c) If it happens that two or more state based MSME units are within L1 + 15% range, all such MSMEs will be given an opportunity to accept the L1 price and the 15% of the total order value will be equally distributed amongst these MSME units.
- (d) The preferential purchase policy shall also apply to contractors and sub-contractors where at least 15% of the products should be procured from the local MSME units in case the product is manufactured in the State.
- (e) The criteria of turnover or age of the firm shall be relaxed by 50% for the MSME units based in Bihar if they meet the technical specifications of the products.
- (f) A list of products to be procured only from MSME sector in Bihar shall be notified by the State Government. Limited tenders amongst the MSME units based in Bihar shall be invited for the purchase of such products.

8. Carry forward of the existing policy

The following are the provisions with respect to carrying forward the existing policy:

- (a) All projects which have been approved by the competent authority (as defined vide Circular No. 128, dated 16.01.2006 of Department of Industries, Government of Bihar) but have not commenced

commercial production as on the effective date of the new policy will be given a choice between the existing policy and the new policy. These units shall have to apply separately with their choice or else they will be covered under the Industrial Investment Promotion Policy, 2016 by default. Those units which opt to be governed under Incentive Policy, 2011 shall continue to be governed under that policy by the Department of Industries provided they shall commence Commercial Production/Operations by 31st March, 2017 or they shall complete the implementation and commence operations as per the timeline in the approved DPR (in case the approved timeline is beyond 31st March, 2017). Units that do not commence commercial production/operations till 31st March, 2017 shall not be eligible for any incentives under the Incentive Policy, 2011, subject to all existing conditions of the Department of Industries. Such units shall have to apply afresh under the current policy. Further, units which opt to be governed under this policy shall apply afresh to the competent authority as may be notified by the State Government.

- (b) Existing unit will continue to draw the incentive at rates and conditions of the Incentive Policy, 2011 till their limit is exhausted or on completion of the eligible period, whichever is earlier. A unit which has availed any incentive under the previous incentive policy shall not be eligible to apply under this policy, subject to the above mentioned clause.

9. Rehabilitation of Sick Units

Industrial sickness is a part of the process of industrialization. It leads to unemployment, blockage of capital, loss of state revenue and non-utilization of assets. Hence it is necessary to take proper steps in order to rehabilitate the sick industries. The State Government is anxious about this and would take the following steps to check the sickness and to revive sick industries. Besides, steps will be taken for rehabilitation of such sick units, which have become sick due to natural calamities.

9.1. Industrial Rehabilitation Fund (Corpus Fund)

In order to revive the sick industry, a corpus fund will be created with the cooperation of the commercial banks, the State Government, industry associations and others. This corpus fund will provide financial assistance, in the least possible time, to sick micro, small and medium industrial enterprises for which the rehabilitation package has been approved.

9.2. Sickness in Micro, Small and Medium Enterprises (MSME) units

9.2.1. State Level Committee: All decisions for the rehabilitation of micro, small and medium enterprises will be taken by the state level committee (apex body) constituted under the chairmanship of the Director of Industries.

9.2.2. The State Level Committee would be empowered with necessary statutory powers in order to rehabilitate the sick industry. This committee will select an agency for preparing a rehabilitation package that enables effective implementation.

9.2.3. The guidelines of the Reserve Bank of India / SIDBI would be relied upon to identify sickness in micro, small and medium units and provide assistance towards selecting an agency for preparation of the rehabilitation package, so that the above mentioned rehabilitation package is approved.

9.2.4. 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.

9.2.5. The industry declared sick by the state level committee would be eligible to receive relief and concessions from banks and financial institution as per the guidelines of RBI. These reliefs and concessions will be considered within a fixed time frame.

9.2.6. After the identification of sickness, rehabilitation package would be prepared within a timeline of 3 months and the state level institutions would monitor the rehabilitation process of sick industries.

9.2.7. The sick units that have availed the benefits of any Industrial Policy in the past may avail the facilities under this policy for the second time. If any sick 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 a maximum of two times only.

9.2.8. The date mentioned in the rehabilitation package will be considered as the cut-off date to determine the facilities.

9.3. Sickness in Large Industries

9.3.1. A committee would be constituted under the chairmanship of the Principal Secretary, Department of Industries to explore the possibility and to determine remedies for the revival of large scale industries and Public Sector Undertakings (PSUs) which are sick, not referred to the BIFR, and have a potential for revival. The committee will recommend the required relief provisions and concessions necessary for its rehabilitation, while considering the policy statement. The recommendations will be placed for final approval before the State Level High Powered Committee, under the Chairmanship of the Chief Secretary.

9.3.2. The rehabilitation package envisaged by BIFR or any statutory body constituted for this purpose such as BICICO/ BSFC / State Level Inter Institutional Committee of Bank shall be placed before the committee under the chairmanship of the Principal Secretary, Industry for consideration of selected relief and concessions and the same will be placed for government recommendation through the existing State Level High Powered Committee under the chairmanship of the Chief Secretary.

9.3.3. A sick industry means such industry, which has been registered by the Board for Industrial and Financial Reconstruction (BIFR). However, the relief and concession to the unit will be provided from the cut-off date mentioned in the Draft Rehabilitation Scheme (DRS) circulated by BIFR.

9.3.4. Those sick units which have availed the benefits of any Industrial Policy in the past may avail the facilities under this policy even a second time. If any sick 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 a maximum of two times only.

10. Policy implementation, monitoring & grievances

10.1. Policy Implementation

10.1.1. A high profile Industrial Advisory Council would be constituted. The council may comprise of the Hon'ble cabinet ministers, chief secretary, principal secretaries of various concerned departments, head of various concerned government agencies, representatives of the state and national level business associations, state chiefs of public & private sector banks and leading businessmen/entrepreneurs of the state/ consultancy organization(s) etc. The council would meet bi-annually.

10.1.2. A State Investment Promotion Board (SIPB) will be constituted for providing approvals and clearances on setting up of new businesses. The competent officials from the various concerned departments would be deputed to clear the applications for investment. The Secretariat of the State Investment Promotion Board would act as the single contact point for the investors regarding claims of eligible incentives under the policy.

10.1.3. The Department of Industries would issue a framework containing detailed guidelines for the implementation of policy and disposal of claims for incentives. Common Application Form (CAF) will be used to provide all necessary clearances including the incentives under this policy.

10.1.4. The Secretariat of the State Investment Promotion Board will look after the day to day implementation of the policy. The Department in consultation with the office of the Director, Technical Development, office of the Director, Industries, office of the Director Food Processing, office of the Director Handloom and Sericulture, BIADA, etc. would publish a quarterly report on the achievements under the policy.

10.2. Policy Monitoring & Grievance Redressal

10.2.1. A policy monitoring committee would be constituted to monitor the implementation and identify the hurdles/bottlenecks for appropriate grievance redressal.

10.2.2. The implementation of the policy will be periodically reviewed for necessary facilitation and mid-course correction, wherever necessary.

10.2.3. A state-of-the-art "Centralized Helpdesk Call Centre" would be made operational to handhold the investors at each stage of interaction with the government.

10.2.4. All matters of interpretation/disputes shall be decided by the Industrial Development Commissioner/ Principal Secretary, Department of Industries. Such interpretation/decision shall be final and binding for all concerned parties.

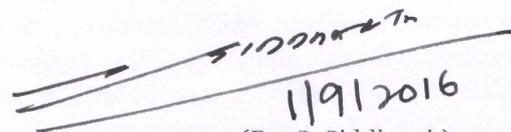
10.3. General Conditions

Following general conditions shall be applicable for availing the incentives under this policy:

If any false declaration is given for the purpose of availing incentives or if incentives are availed for a unit that was not eligible or any violation of condition of this policy, the amount of incentive is liable to be recovered from the date of availing such incentives along with interest compounded annually @ 18% per annum. In case of non-payment within the stipulated time, the State Government may recover such amounts including interest as arrears of land revenue.

- 11. The definitions given in the Annexure-I to this policy shall be treated as part of this policy.**
- 12. Industries mentioned in the negative list in Annexure - II would not be eligible for any incentive / subsidy.**
- 13. This Policy will come into effect from the date of issue of this notification and will remain in operation till 5 years.**

By order of Governor of Bihar

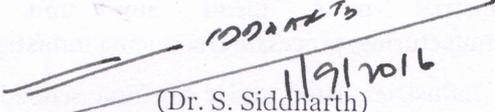


(Dr. S. Siddharth)

Principal Secretary, Department of Industries
Bihar, Patna

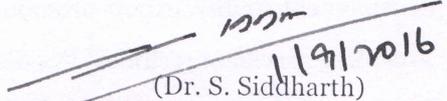
No: **1822** / Patna, dated **01-09-2016**

Copy: - State Printing Press, Gulzarbagh, Patna to publish in the special edition of Bihar gazette. Request to print 1000 copies of the published gazette and make it available to the Department.


(Dr. S. Siddharth)
Principal Secretary, Department of Industries
Bihar, Patna

No: **1822** / Patna, dated **01-09-2016**

Copy:- For information and necessary action - To all Department/ Department Head/ Commissioner, Commercial Taxes/ Managing Director, All corporations under Department of Industries/ Bihar Industrial Area Development Authority/ Chief Executive Officer, Bihar State Khadi Village Industries Board, Patna/ Chairman, Bihar State Electricity Board, Patna/ All Divisional Commissioner/ All District Magistrates/ All Deputy Development Commissioner/ Director, Technical Development/ Director, Industries/ Resident Commissioner, Bihar Bhawan, New Delhi/ All General Manager, District Industries Centre/ Director, Micro, Small and Medium Enterprises Development Institute, Patna/ Muzaffarpur.


(Dr. S. Siddharth)
Principal Secretary, Department of Industries
Bihar, Patna

Annexure I - Definitions

A. General Definitions

1. Industrial Unit

Industrial units mean any unit / establishment engaged or to be engaged in manufacturing/processing/servicing industry under the following categories:

- a) Industries listed under the first schedule of the Industries (Development and Regulation) Act, 1951, as amended from time to time.
- b) Industries falling within the purview of the following boards/agencies: (i) Small Industries Board, (ii) Coir Board, (iii) Silk Board, (iv) All India Handloom and Handicraft Board, (v) Khadi and Village Industries Commission, (vi) Any other agency constituted by the Government of India or Government of Bihar for industrial development.
- c) Other categories:
 - (1) Mining or development of mines
 - (2) The maintenance, repair, inspection or servicing of any type of machinery of any description or vehicles or vessels or motorboats or trailers or tractors.
 - (3) The setting up or development of industrial area, industrial estate, integrated infrastructure development facility, export promotion industrial park, export promotion zone or growth centre.
 - (4) Providing special or technical knowledge or other services for the promotion of industrial growth.
 - (5) Providing engineering, technical, financial, managerial, marketing or other services or facilities for industry.
 - (6) Providing services relating to information technology (IT), telecommunication or electronics including satellite linkage and audio or visual cable communication.
 - (7) Tourism
 - (8) Healthcare
 - (9) Any activity defined under the priority sector of this policy

2. Industrial Unit Category

For the purpose of administration of fiscal incentives, the projects can be categorized as follows:

- a) **Micro, Small and Medium Enterprise (MSME):** Government of Bihar follows the MSME definition laid out by Government of India as per MSMED Act, 2006 (as updated from time to time).
- b) **Large Industrial Unit:** Large project is a unit in which the investment in plant and machinery is more than the investment threshold for Medium Enterprises as in MSMED Act, 2006 and is less than INR100crore.
- c) **Mega Industrial Unit:** Project with an investment of INR100 crore or more will be accorded Mega Industry status.

3. New Industrial Unit

New Industrial unit means an industrial unit, in which commercial production has commenced within five years from the effective date.

4. Existing Industrial Unit

An existing industrial unit means an industrial unit which has started their commercial production before commencement of this policy. An existing industrial unit which sets up a new unit in the same premises shall be considered as a new unit for administration of fiscal incentives if it is located in a distinct building/structure, maintains separately identifiable books of accounts, and separately deposits the taxes and duties that can be

levied under any state act including the Provident Fund. Inclusion of new product in existing industrial unit will not be considered in the category of new units.

5. Approved project cost

For the purpose of calculation of incentive under this policy, the approved project cost shall mean the project cost finally approved by the State Government. The approved project cost shall be the basis for determining the incentives.

6. Expansion/ Modernization/ Diversification

- a. **Expansion Project:** Projects which undertake expansion shall satisfy the following conditions: There shall be a minimum 50% increase in the initial installed production capacity.
- b. **Diversification Project:** Projects which undertake diversification shall satisfy the following conditions:- There shall be a minimum 50% increase in the approved project cost with respect to the original value without depreciation and establishment of new product line by the unit.
- c. **Modernization Project:** Projects which undertake modernization shall satisfy the following conditions: There shall be a minimum 50% increase in the installed production capacity as a result of modernization.

7. Date of Production

The "Date of Production" of an industrial unit shall mean the date on which the unit actually commences commercial production of the item for which the unit has been registered. As regards the date of production of Micro, Small and Medium units, the certificate issued by the respective General Manager, District Industries Centre or Managing Director, Bihar Industrial Area Development Authority would be valid. For large industries, the certificate issued by Director Technical Development will be acceptable. In case of any dispute regarding the date of production, the decision of the Principal Secretary, Department of Industries shall be final.

8. Scheduled Caste / Scheduled Tribe Entrepreneurs

Scheduled Caste / Scheduled Tribe entrepreneurs mean such entrepreneurs who have established units as sole proprietor or invariably have a 100% share in partnership/private limited companies.

9. Women Entrepreneur

Women entrepreneur means such domicile women of the state who are 1st generation entrepreneurs and who have established units as sole proprietor or invariably have a 100% share in partnership/private limited companies.

10. Differently Abled Entrepreneur

Differently abled means such domicile of the state who comes under the purview of the Persons with Disabilities (Right of equal opportunity, Protection and Full Participation) Act, 1995 of the Government of India and holds certificate for such purpose, issued by competent authority. Differently abled entrepreneurs mean such entrepreneurs who have established units as sole proprietor or invariably have a 100% share in partnership/private limited companies.

11. Term Loan

Term Loan means term loan sanctioned and disbursed by banks/financial institutions for financing.

12. Domicile of the State

Domicile of the State means those who have been defined by the State Government, from time to time, as original domiciles of the state and who hold the certificate issued for this purpose by the competent authority.

13. Closed Industrial Unit

- i. In cases of incentive, exemptions and concessions given by the Department of Industries, the closed industrial unit means such unit which is established and holds Commercial Production Certificate issued by the competent authority of the Department of Industries and after the establishment of the industry, is

closed for more than 6 months, without communicating any appropriate and acceptable reason to the General Manager, District Industries Centre.

- ii. "Sick unit" means an industrial unit declared sick by the Board for Industrial and Financial Reconstruction under the Sick Industries Companies (Special Provision) Act, 1985 / National Company Law Tribunal (NCLT) or by the State Level Committee for micro, small and medium industries headed by the Director of Industries or the High Level Empowered Committee headed by the Chief Secretary for large sector.

14. Permanent Employment

Permanent Employment means direct salary/wages given by industrial unit to officers / employees / labours in category of management/ skilled labour/ unskilled labour in the registered established industries it means that the employment provided through contractors is not included.

15. Land Bank

Land Bank means private and government land acquired outside industrial areas for the purpose of projects related to manufacturing.

16. Effective date

Effective date means the date on which the provisions of this policy come into force. This policy will remain in force for 5 years from the effective date.

B. Definition-Tourism Sector

1. Tourist Places

Tourist places under this policy shall mean the places (districts or blocks or villages) mentioned in the table placed in section 3.2 of chapter 3 of this policy document that lists the various "Tourism segments" and "Our strategic advantage".

2. Tourism Service Provider

Any partnership firm or private limited company duly registered under law and providing any service related to travel and tourism, including that of a travel agent, transport operator, ticketing agent, tourist guide, or a home-stay owner.

3. Hotel

Hotel projects should have facilities expected of establishments in the one to five star categories, as per the prevailing guidelines of hotels laid down by the Ministry of Tourism, Government of India. Such hotels should also obtain necessary category certification from the competent authority.

4. Heritage Hotel

A heritage hotel is a hotel run in a fort, fortress, palace, haveli, castle, hunting lodge or residence with heritage features, built prior to January 1950 and approved by the Ministry of Tourism, Government of India. Such heritage hotels should also obtain necessary category certification from the competent authority.

5. Motel

A Motel project should have facilities conforming to the prevailing guidelines for motels laid down by the Ministry of Tourism, Government of India. Such motels should also obtain necessary category certification from the competent authority.

6. Meetings, Incentives, Conferences & Exhibitions (MICE)/ Convention Centres

A convention centre should have facilities as per the prevailing guidelines for convention centres, as laid down by the Ministry of Tourism, Government of India. Such convention centres should also obtain necessary category certification from the competent authority.

7. Resort

Resort projects should be of three-star category or above with facilities as per the prevailing guidelines of Ministry of Tourism, Government of India. Such resorts should also obtain necessary category certification from the competent authority.

8. Tented Accommodation

A tented accommodation project should have facilities as per the prevailing guidelines for tented accommodation, as laid down by the Ministry of Tourism, Government of India. Such tented accommodations should also obtain necessary category certification from a competent authority.

9. Tourism & Hospitality Training Institute

An institute that offers tourism/hospitality courses that are recognized/ certified by regulatory authorities.

10. Mega Tourism Unit

Projects capable of creating new employment for more than 150 persons with new investment of Rs. 75 crore and above (excluding the cost of land) will be construed as mega tourism units. Units which are set up and which commence commercial operations during the operative period of this policy only will be eligible under this category. Hotels and resorts, multiplexes and malls shall be excluded from the definition of a mega tourism unit.

11. Amusement Park

Amusement Park should have entertainment facilities such as rides, games, etc. built over a minimum plot area of 40,000 sq. m.(about 10 acres). Standalone commercial multiplexes shall not be treated as amusement parks.

12. Water Park

Water Park should have a minimum of three water slides with a plot area of at least 20,000 sq.m. (about 5 acres) and a capacity to handle at least 100 sliders simultaneously.

13. Theme Park

Theme Park should be based on a single or series of themes having a plot measuring at least 10,000 sq.m. (about 2.5 acres). It may have amusement rides, water slides, accommodation (at least ten lettable rooms), restaurant, theatre, shopping area, activity area and theme areas. It is, however, not mandatory for an amusement park to have all these features.

14. Adventure Sports (including water sports)

Adventure Sports should have the requisite infrastructure, equipment and trained staff, along with appropriate safety-and-rescue set-up, that will provide tourists with an opportunity to undertake permissible adventure and such other activities like mountaineering, river rafting, etc. All requisite permissions from various competent authorities as also a comprehensive insurance cover will have to be obtained beforehand.

15. Wayside Amenities

Wayside amenities would be a complex comprising resting areas, toilets, cafeteria, shops, first-aid facilities, parking, souvenir booths, etc. located on National/State Highways and other district roads. It is, however, not mandatory to have all these features.

16. Ropeway

A ropeway established under the prevailing act and rules.

17. Tourist Luxury Coach

A tourist luxury coach is an air-conditioned coach with push back seats, used for normal transportation of tourists to different tourist destinations and for sightseeing of various tourist places, with a minimum seating capacity of 13 seats. It should be operated by valid All India Permit holder Tourist Transport Operators, recognized by Indian Association of Tour Operators (IATO) and registered in the state of Bihar.

18. Caravan

A specially built vehicle, registered with any state transport department, which is used for the purpose of group oriented leisure travel and has at least 4 beds.

19. Health and Wellness Spa

A health and wellness spa is a short-term residential/lodging facility with the purpose of providing spa services such as massages, yoga, meditation and other related treatments for rejuvenating the body.

20. Cruise Boats

Any boat/yacht with a minimum seating capacity for 4 persons, which is licensed by the Transport Department, Government of Bihar, and has the capacity to operate in lakes/rivers of the state for pay-and-use facilities. Boats/yachts used by hotels to transport or entertain their guests and/or goods/raw materials will not be covered under this definition.

21. Science Centres, Planetariums, Museums

A building in which objects of historical, scientific, artistic or cultural interest are stored and exhibited and is open for general public with or without ticket

C. Healthcare Sector

1. Specialty Hospitals

Specialty hospitals are hospitals which have minimum 60 beds, out of which at least 30* beds are specifically for specialty services and at least 30 other beds for non-speciality services. The examples of speciality services are:

- Cardiology, Cardiovascular and Cardiothoracic surgery.
- Urology including Dialysis and Lithotripsy.
- Orthopaedics Surgery including Arthroscopic surgery and Joint Replacement.
- Emergency care for trauma.
- Endoscopic Surgery.
- Neurosurgery
- Oncology/Oncosurgery.
- Ophthalmology.
- Obstetrics & Gynaecology.
- ENT
- Any other specialization approved by CGHS/MCI/State Govt.

**As per CGHS norms, 50 beds in metro cities and 30 beds in non-metro cities*

2. Super-specialty Hospitals

Super Specialty hospitals are hospitals that offer at least three of following super specialty services, in addition to cardiology & cardio-thoracic surgery and specialized orthopaedic treatment facilities that include joint replacement surgery. These hospitals should have minimum 210 beds with at least 30 beds for each super-specialty and 30 non specialty beds. The examples are:

- | | |
|---------------------|-----------------------|
| 1. Cardiology | 2. Gastroenterology |
| 3. Endocrinology | 4. Neonatology |
| 5. Medical Oncology | 6. Neurology |
| 7. Nephrology | 8. Pulmonary Medicine |

9. Neuro Radiology

10. Cardio Thoracic Surgery

11. Rheumatology

12. Neuro Surgery

13. Paediatric Surgery

14. Oncology

15. Surgical Gastroenterology

16. Plastic Surgery`

17. Urology

18. Surgical Oncology

3. Multi-Speciality hospitals

Multi-Speciality hospitals are hospitals that offer more than one of the following speciality services, along with a minimum of 90 beds out of which at least 30 beds are for each speciality and minimum 30 non-specialty beds. The examples of speciality services are:

- Cardiology, Cardiovascular and Cardiothoracic surgery
- Urology including Dialysis and Lithotripsy
- Orthopaedics Surgery including Arthroscopic surgery and Joint Replacement.
- Emergency care for trauma
- Endoscopic Surgery
- Neurosurgery
- Oncology/ Oncosurgery
- Ophthalmology
- Obstetrics & Gynaecology
- ENT

Annexure II - Negative list of industries

1. The following units will not be eligible for any support under this policy:

- a. Units manufacturing narcotic drugs
- b. Units manufacturing alcoholic beverages
- c. Tobacco based industries
- d. Units manufacturing asbestos

The above list will be called the negative list under the policy.

2. The State Government shall have the right to decide whether a unit falls under the negative list and can modify the above list accordingly.
3. As a general principle, any industry which impacts the environment adversely will be discouraged by the State Government for investment. Such industries will not be eligible for any incentive under this policy and be placed in the above mentioned negative list.