



Bihar

Fiscal Incentives, Exemptions & Subsidies

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

1. PRE - PRODUCTION INCENTIVES

Stamp duty and Registration fee:

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

2. POST-PRODUCTION INCENTIVES

(i) Project- Report Incentive:

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

(ii) Incentive granted on land/Shed:

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

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

(iii) Financial assistance for Technical-know-how:

If an entrepreneur obtains Technical Know-how from any recognised National research center / laboratory or institution to establish or to expand his industry, he will be reimbursed 30% (maximum Rs. 15.00 lacs) of the fee paid to the institution/organization for the technical know-how. This facility will be provided to the unit after commencement of production.

(iv) Incentive Grant for capital investment on Captive Power Generation/Diesel Generating Set:

50% (Fifty percent) of the amount Spent on plant and machinery in the establishment of Captive Power Generation/Diesel Generating set will be granted to the industry. No upper limit for this amount has been fixed. This facility will be made available after the unit comes into production.

(v) New industrial units will be granted relief from payment of electricity duty under the Bihar Electricity Duty Act, 1948 for the generation and for own consumption of electricity from D.G. Set and Captive Power Units.

(vi) Subsidy / Incentive on VAT:

This facility will be available to Small / large / **medium** industries. The industrial unit will get a passbook from the State Government in which the

details of the tax paid under Bihar VAT would be entered and verified by the commercial Taxes Department in the form prescribed in Appendix - III. The Director, Industries will be authorised to pay the incentive amount on the basis of the verification.

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

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

(vii) Zero VAT:

Zero VAT means the production of items, which do not attract VAT. Such units which produce items attracting zero Vat and Pay income tax would be eligible for incentive upto a maximum utilization of 70% of the installed capacity (maximum limit) as per para (vi) above. Incentive will be payable after the inspection/recommendation by a committee constituted under the chairmanship of the Director Industries on the basis of inspection and recommendation by technical officer of the Department.

(viii) Besides aforesaid subsidy / concessions, the following exemptions will be provided:

- a. 100% exemption for seven years in luxury tax for seven years
- b. 100% exemption in electricity duty for seven years.
- c. 100% exemption in conversion charge.
- d. 100% exemption in market Fee for seven years.

(ix) Facilities granted for the units working under adverse situation:

Such working units which have been working under adverse situation for years will be reimbursed 25 percent of the deposited VAT amount in the account of state government against admitted VAT amount. This reimbursement will be admissible for five years continuously.

(x) Industrial Rehabilitation Fund:

In order to revive the sick and closed industry, with the co-operation of the Commercial Banks, the State Government and Bihar Industry Association, a corpus fund will be created.

(xi) S.C / S.T / Women / Handicapped:

- a. Under this category, entrepreneurs will avail 5% additional grant/exemption/subsidy than the limit fixed under this policy.
- b. Up to a turnover limit of Rs.30 lakhs per annum S.C / S.T. / Women / Handicapped category entrepreneurs who run small and tiny industries will avail 100% subsidy of the deposited amount in the account of Government in the form of VAT for a period of ten years.

(xii) Exemption from AMG / MMG:

Working units at present and new units will avail exemption from AMG / MMG from the date of declaration of the New Industrial Policy. This facility will be granted for five years.

(xiii) Central Sales Tax (CST):

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