

Highlights of Bihar Agri Investment Promotion Policy, 2020

Salient features

- This policy will be applicable till 31st March, 2025 from the date notification. Eligible units under the policy shall avail the capital subsidies up to a maximum of 2 yrs. after the end of the policy term.
- The policy provisions under the current policy shall be available to investors in addition to the Bihar Industrial Investment Promotion Policy, 2016, but there shall be no overlapping supports, i.e. investors shall not be eligible to avail same incentives under both policies
- Capital subsidy under the said policy is allowed for expansion/modernization of existing projects in the identified sectors, only if the existing capacity of the said project is increased by at least 25% by way of such modernization or expansion or diversification (definition of expansion and modernization same as BIIPP 2016).
- The projects with minimum approved project cost of Rs. 0.25 Cr. and maximum of Rs. 5 Cr. shall be eligible for availing the benefits under this policy.
- Projects having procured SIPB Stage -I approvals will be eligible to apply for BAIPP screening with requisite documents and pre conditions.
- Bihar Horticulture Development Society (BHDS), Agriculture Department, Government of Bihar will be the nodal agency for implementation and monitoring of this policy in the state.

Coverage and Scope

Policy identifies the following **seven** agribusiness sectors for extending financial assistance:

Indicative processing industries	
Makhana	Processed Makhana , Makhana Powder, Ready To Eat Makhana (different favours), Confectionaries, Breakfast Mix, Chips, Kheer Mix, etc.

<p>Fruits and Vegetables</p>	<ul style="list-style-type: none"> ● Litchi (Pulp, Juice, Nectar, Beverage, Jam, Jelly, Pulp Slabs, Etc.); ● Guava (Juice, Beverage, Jam, Jelly, Nectar, Ayurvedic Medicines etc.); ● Banana (Pulp, Baby Food, Banana Fibre, Packing Material, Banana Flower Vegetables (Ready To Eat), Banana Trunk Vegetables & Pickles); ● Potato (Potato Flakes, Powder, Granulated); ● Spices - Cryo Grinding (AU Medicinal & Culinary Spices); ● Tomato (Tomato Paste, Puree, Dehydrated, etc); ● Mushroom (Canning, Drying, etc.); ● Tamarind (Paste, De-Seeded, etc.); ● Fruit & Vegetables Fresh / Processed (Frozen, Pulp, Washed, Cut, Dried, Canned, Packaged Fruits And Vegetables) ● Pickle Unit (Mixed Pickle, Mango, Lemon, Chilli Pickle, etc.)
<p>Honey</p>	<p>Processed honey for consumption, Honey for industrial use (Pharmaceutical, food processing, cosmetics, etc.), Bee Venom, Royal jelly, Bee-wax, Propolis, Pollen</p>
<p>Medicinal and Aromatic Plants</p>	<p>Medicinal and aromatic plant-based products</p>
<p>Maize</p>	<p>Cattle Feed, Fish Feed, Poultry Feed, Corn Flakes, Corn Grits/ Corn Suji, Corn Starch, Post-harvest management infrastructure including storage</p>
<p>Tea</p>	<p>Modern tea processing units, Tea bags, Loose tea, Compressed tea, Instant tea, Bottled and Canned tea, Processed tea for industrial use (Cosmetics, pharmaceuticals, food processing, etc.)</p>
<p>Seeds</p>	<p>Seed processing units (Cereals, pulses, fruits, vegetables, etc.)</p>

Note:

- Packaging/ repackaging Units/ enterprises of food items imported from other states or countries shall not be eligible
- 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.
- Units for manufacturing any food item fit for human/ animal consumption which does not contain maize, fruits and vegetables or any processed/ preserved items (like pulp concentrate, extract) made from maize/ Fruits & Vegetables as its main ingredient would not be considered eligible for getting benefit under this policy
- In case an existing unit migrates from non-agri based sector to agri-based sector i.e. as identified in Clause 4 of this policy, through capacity expansion and/or facility addition and/or diversification etc., it would enjoy the incentives as provisioned in this policy.

Guidelines

- The cost of land shall not exceed a limit of 10% of the total project cost, excluding the land cost.
- Land development cost would be capped at 2.5% of the total project cost excluding such land development cost.
- The appraisal report prepared by the bank/financial institution shall form the basis for ascertaining the project cost for calculation of incentives.
- The capital subsidy under this policy shall be credit linked and released in two instalments (linked to installation of P&M — 1st instalment, and at commencement of commercial production/ operations — 2nd instalment).The subsidy released under this policy shall go to term loan account towards principal component of loan.
- The time schedule for completion and operationalization of project will be a maximum of 24 months from the date of approval.

- Other subsidies/grants/soft loans and other benefits as applicable in other schemes shall be valid for Agri industries and infrastructure established in the State of Bihar, however, the upper limit to receive benefit from all the permissible sources shall be capped as per the following specifications:

Type / Category of Investor	Capping of incentives
Individual— General	50%
Individual -- SC/ ST/ EBC	55%
Individual - Women, differently abled persons, war widows, acid attack victims and third gender investors	52%
FPC (Farmer Producer Companies)	60%

- In the event of change in ownership or management of a unit, the same shall be intimated by the unit to the competent authority
- 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.
- FPC should be formed under Companies Act. It should have 50 or more farmers for the purpose of availing benefits under this policy.
- The Capital subsidy support to the units falling under 7 identified Agri Business Sectors will be in addition to other benefits eligible under BIIPP-2016.
- All 7 sectors of this policy shall be considered as Priority Sectors in the Food Processing Sector of BIIPP-2016.

Capital Subsidy

Assets Items	Subsidy Amount	Purpose
Capital subsidy for project cost (Land Value, Land Development, Plant and Machinery, Factory Building, Civil Construction, Miscellaneous Fixed Assets) - credit linked	<p>1) For individual investors, Partnership firms LLP, companies –</p> <p>15% of the Project Cost (Project cost: min Rs. 0.25 cr. and maximum Rs. 5 cr.)</p> <p>1st installment : 50% (after purchase and installation of plant and machinery)</p> <p>2nd installment : 50% (after commencement of commercial production of the unit/ project)</p> <p>2) For Farmer Producer Companies (FPCs) –</p> <p>25% of the Project Cost (Project cost: min. Rs. 0.25 cr. and maximum Rs. 5 cr.)</p> <p>1st installment : 50% (after purchase and installation of plant and machinery)</p> <p>2nd installment : 50% (after commencement of commercial production of the unit / project)</p>	Setting up / expansion / diversification / modernization for agro and food processing units

Fixed capital Investment against which Subsidy/ Grant shall be calculated as follows:

1. Land value (registered value of land; in case of leased land, the cost to be excluded from project cost and maybe included in operating cost)
2. Land Development
3. Plant and machinery (including imported machinery)
4. Factory building
5. Civil construction
6. Miscellaneous Fixed Assets (MFA): only those which are associated with a production line such as DG set, transformer, electrical wiring, packaging unit, bar coding unit, etc.

Ineligible components

The list is only indicative and not exhaustive

- Compound Wall
- Approach Road/Internal Roads
- Administrative Office Building
- Canteen
- Labour Rest Room and quarters for workers
- Security/ Guard Room or enclosure
- Consultancy fee, taxes, etc.
- Other Non-technical civil works not related to processing unit or storage infrastructure
- Margin money, working capital and contingencies
- Fuel, consumables, spares and stores
- Transport vehicles other than the reefer trucks/ vans/ refrigerated carrier/ insulated vans/ milk tankers
- Pre-operative expenses
- Second hand/ old machines
- All types of service charges, carriage and freight charges, etc.
- Expenditure on painting of machinery
- AC ducting, furniture, computers and allied office items.
- Closed Circuit TV Camera and security system related equipment.
- Consultancy Fee, Taxes, etc. on plant and machinery
- Stationery items
- Plant & machinery not directly related to cold chain infrastructure
- Erection, installation and Commissioning charges
- Fire-fighting equipment, fly catchers, hand washer, laundry etc.
- Reconditioned and refurbished plant & machinery

Dovetailing with Central and State Government policies and schemes

- *Dovetailing with Central Government policies and schemes* would be allowed. The approved project cost for the purpose of calculation of incentive for this policy shall be arrived at by deducting the project cost corresponding to the incentives availed from the state Government.
- *Dovetailing with State Government policies and schemes* would be allowed. Investors shall have to submit declaration on not having obtained or applied for **capital subsidy for the same component / purpose / activity** from any other Ministry or Department of the Government of India or State Government or their agencies

Eligibility

- The applicant should have a sound financial background. The net worth of the applicant(s) should not be less than the grant amount sought.
- The project proposals being submitted to BHDS under this policy are required to be duly appraised by the bank/financial institution and avail term loan. The term loan from the Bank/Financial Institution should not be less than 20% of the project cost
- Project Appraisal Report from the Bank / Financial Institution must contain all the project components for which the capital subsidy is sought
- The date of the commercial production of the proposed project shall not be prior to the date of submission of application.
- The land for the project shall be arranged by the applicant either by purchase or on lease of at least **30** years and it should be registered in the name of the proposing unit.
- Any investor / applicant who has availed financial assistance for a project under this policy of Government of Bihar, shall not be eligible to apply for another project under the same policy until one month after operationalization of earlier project.
- Individual investor/LLP/Partnership firms/entrepreneurs and farmer based registered companies or farmer Producer companies shall be eligible for financial assistance under this policy. Units with common partners/Directors would not be allowed to avail the incentive under this policy for more than once.

- The proposals, meeting the cut off score of at least 60% as per the criteria for assessment defined by PMC, will be considered eligible subject to fulfillment of other conditions prescribed in the policy guidelines. The proposals will be selected in order of merit on a monthly basis till the time number of projects as per the annual targets gets exhausted. Further, the proposals will be selected in order of merit of total marks (descending order of total marks).

List of industrial activities / enterprises not eligible for benefit under this policy

(Subject to amendments from time to time)

- Breweries and Distilleries of all types.
- Masala making without Cold Process Grinding, powder of Chilly, Turmeric, Masala, Spices, Curry, Sambar, Papad etc., except those having FSSAI certification.
- Preparation of Sweetmeat and Salted Snacks, Mixture, Bhujia.
- Mineral Water and aerated Soft Drinks, Alcoholic Beverages.
- Production of Popcorn, Ice Block, Production of Ice Candy and Ice Fruits etc.
- Units connected with Raw-Tobacco and Tobacco Based Products
- Fertilizer Mixing Units
- Industries mentioned in the negative list in Annexure — II and the Negative list of BIIPP 2016 would not be eligible for any incentive under this policy.

Read the complete Policy [here](#)