

Bihar Biofuel Production Promotion Policy, 2023 (Effective from 10.07.2023 to 31.03.2028)

Eligibility

- Only standalone distilleries (single feed or dual feed) producing 100% fuel-grade Ethanol which will be developed as Greenfield project shall be eligible
- Units producing Compressed Bio Gas (CBG)/Bio-CNG shall be eligible
- Only those Green-field standalone Ethanol manufacturing units shall be eligible for financial assistance under this Policy which are producing fuel-grade Ethanol under Ethanol Blending Programme (EBP) of Government of India or supplying ethanol for industrial use outside the state of Bihar.
- At the time of Financial Clearance, the Units will submit either (i) a copy of tripartite agreement entered into among the Unit, their Bankers and Oil Marketing Companies (OMCs), or (ii) purchase order from Oil Marketing Companies (OMCs) for sourcing of Ethanol manufactured by the Unit or (iii) purchase agreement/contract with the purchaser company for sourcing of Ethanol manufactured by the Unit or (iv) Undertaking from the unit that they will comply the above point.
- Only those CBG manufacturing units shall be eligible for financial assistance under this Policy which are producing CBG under National Policy of Biofuels of Government of India. For this purpose, at the time of Financial Clearance, the Units will submit either (i) a copy of tripartite agreement entered into among the Unit, their Bankers and Oil Marketing Companies (OMCs) Gas Marketing Companies (GMCs), or (ii) purchase order from Oil Marketing Companies (OMCs) GMCs for sourcing of CBG manufactured by the Unit, or (iii) purchase agreement/ contract with the purchaser company for sourcing of CBG manufactured by the Unit or (iv) Undertaking from the unit that they will comply the above point
- Units which are set-up on ZLD (Zero Liquid Discharge) basis shall be considered.

Notes:

- Cost incurred in setting-up Captive power and Effluent Treatment Plant (ETP) plant shall be included within the Approved project Cost
- The works which are being done under Ethanol Production Promotion Policy, 2021 will be considered as covered under Bihar Biofuels Production Promotion Policy, 2023.

Incentives under this policy

- **Capital Subsidy :**
@15% of the Cost of Plant and Machinery or Rs. 5.00 crs, whichever is lower. Additional 5% for Special Class Investors i.e. Scheduled Castes (SC), Scheduled Tribes (ST), Extremely Backward Castes (EBC), Women, Differently-abled, War-widows, Acid attack victims and Third gender entrepreneurs
- **Stamp duty and registration fees:**
100% Exemption
- **Land conversion fees:**
100% Exemption
- **Interest subvention:**
At 10% of Term loan for a period of five years, upper limit being 50% of Project Cost, maximum Rs. 20 crs
 - (i) In case of Micro and Small units-
 - i. Rate of interest subvention is 12% instead of 10% and
 - ii. The upper limit of Tax related incentives is increased by additional 30% of the Approved project cost.
 - (ii) In case of Special Class Entrepreneurs-
 - i. Rate of interest subvention and upper limit of interest subvention incentive both is raised by additional 15% of the limit
 - ii. The upper limit of Tax related incentives is raised by additional 15% of the limit
- **Tax related incentives:**
100% SGST reimbursement and 100% Electricity Duty reimbursement) for a period of five years, upper limit being 100% of Project Cost
- **Employment cost Subsidy:**
50% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of expenditure on account of contribution toward ESI and EPF scheme for a period of 5 years for new units for those employees who are domicile of Bihar. Maximum limit for reimbursement will be Rs.1000/- per month for SC/ST and women employee and Rs. 500/- per month for general employee
- **Skill development Subsidy:**
Rs 20,000 per employee/ Bihar Skill Development Mission (BSDM) rates whichever is lower for training of employees/ staffs who are domicile of Bihar

Timeline to be followed

- **Stage-1 Clearance:**
Entrepreneurs should submit application for Stage-1 clearance latest by 30th June, 2024 Eligible units which have availed Stage-1 clearance prior to the date of notification of this Policy will also be covered under this Policy.
- **Financial Clearance:**
Entrepreneurs should submit application for Financial Clearance latest by 30th June, 2025
- **Land allotment by BIADA:**
Entrepreneurs should submit application for land allotment on BIADA portal which will be disposed by BIADA within next seven (07) working days

General conditions

Compliance will be ensured in each condition of standards set by the Bureau of Indian Standards in the production of bio-ethanol, biodiesel, drop-in-fuel, methanol and other bio-fuels

Dovetailing with Central and State Government policies and schemes

- Dovetailing with State Government policies and schemes other than Bihar Industrial Investment Promotion Policy, 2016 would be allowed under the policy subject to the condition that the unit shall not avail subsidy against the same asset under this policy and such other policy.
- In case Investors avail any subsidy under Central Government schemes, the amount of subsidy so availed/ to be availed by them will be deducted from the corresponding subsidy admissible under Bihar Industrial Investment Promotion Policy, 2016 or this Policy

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