

Bihar Industrial Investment Promotion Policy (Textile & Leather Policy), 2022

(Highlights)

This Textile and Leather policy complements the existing Bihar Industrial Investment Promotion Policy 2016 (amended in 2020) (categorized as **HIGH PRIORITY SECTOR**)

This policy shall come into force from 03.06.2022 and shall be applicable till 5 years (please read this policy w.r.t. the amendments dated 16.03.2024 mentioned in last page)

General Provisions

- The appraisal report prepared by the bank/ financial institute shall form the basis for ascertaining the project cost for calculation of incentives.
- For units, not availing the benefits of bank loan, and not having Bank Appraisal Report, Department of Industries will facilitate the empanelled agencies who will assess the Detailed Project Report (DPR) of units.
- In case of special class entrepreneurs, the maximum limit of all kinds of incentive/s (except for land) shall be increased by additional 5% over the given limit across all categories
- Incentives/under this Policy shall be offered after commencement of commercial production by the Unit (except Stamp duty & Registration charges and land conversion charges)
- Fixed Capital Investment includes investment in land (max. 20% of project cost excluding land), plant & machinery, electrical installations and all other assets necessary to set up the unit but shall exclude cost of working capital, contingencies, interest during construction period and any other unexplained cost component
- Plant and Machinery shall be considered as specified under ATUFS scheme of Ministry of Textiles, GoI
- All the eligible units shall be encouraged to apply for incentives under the different GoI schemes along with the incentive under the Bihar Industrial Investment Promotion Policy (Textile & Leather Policy) to get the maximum benefits
- To avail the benefits, there must be a capacity diversification/expansion/modernization of at least 25% of the capacity of the existing unit.

- Dovetailing with the Central and State Government policies and schemes is allowed in the following categories of incentives
 - Skill Development subsidy
 - Interest subvention
 - Tax related incentives
 - Patent Registration

Coverage & Scope

Following activities are targeted under this Policy:

Sectors	Investment Opportunities (Indicative List)
Fiber Production/Spinning/Weaving/Knitting/Processing	<ul style="list-style-type: none"> • Cotton/jute/silk/banana/bamboo and other natural fiber production • Production of man-made fiber and filament • Polyester • Acrylic • Viscose • Rayon • Yarn Spinning • Power loom and knitting • Dyeing & Printing • Yarn and fabric processing
Production of apparel and home textile including hosiery	<ul style="list-style-type: none"> • Woven and knitted apparel manufacturing • Hosiery products manufacturing • Saree • Carpets, mattresses, cushions/pillows ,curtains and other home textiles • Narrow woven • Non-Woven • Production of ready-made garments
Natural Fibre/Blending of various types of fibre	<ul style="list-style-type: none"> • Integrated units for processing Banana Fibre /Jute Fibre/Bamboo Fibre/Coconut Fibre etc. and manufacturing of products using Banana Fibre /Jute Fibre/Bamboo Fibre/Coconut Fibre etc.

Manufacturing of Technical textile	<p>Production of items under following categories:</p> <ul style="list-style-type: none"> • Agrotech (agriculture, horticulture and forestry etc.) • Buildtech (building and construction etc.) • Clothtech (technical components of shoes and clothing etc.) • Geotech (geo-textiles and civil engineering etc.) • Hometech (components of furniture, household textiles & floor coverings etc.) • Indutech (filtration, cleaning and other industrial usage etc.) • Meditech (hygiene and medical etc.) • Oekotech (environmental protection etc.) • Packtech (packaging etc.) • Protech (personal and property protection etc.)
	<ul style="list-style-type: none"> • Sporttech (sport and leisure etc.) • Defencetech (Related to defence)
Post Processing of Handlooms and Khadi Textile Products	<ul style="list-style-type: none"> • Post-production facilities using handloom and khadi cloth
Leather Processing	<p>Pre-tanning Processes</p> <ul style="list-style-type: none"> • Curing • Soaking • Painting • Liming • Fleshing • De-Liming • Bating • Pickling • De-Greasing • Tanning • Post Tanning • Splitting • Shaving • Neutralization • Dyeing • Fatliquoring • Samming • Setting Out • Final Drying • Staking & Dry Drumming • Buffing & Brushing

	<ul style="list-style-type: none"> • Finishing • Final Grading
Leatherette Processing (PU Leather, PVC Leather, Faux Pas Leather, micro-Fibre leather etc.)	Dry and wet method Mixing Past coating Calendering Foaming Surface Coating Cutting & Inspection
Manufacturing of leather products	Manufacturing of <ul style="list-style-type: none"> • Leather shoes, leather chappals, and other footwear items of leather • Leather footwear components • Leather garments • Leather for upholstery • Leather goods (for example: labels, tags, belts, bags, purses and gloves & other accessories and fashion items) • Upholstery for automobile (cars etc.) & furniture • Saddlery and harness items
Manufacturing of leatherette products	<ul style="list-style-type: none"> • Leatherette garments • Leatherette shoes, Leatherette chappals, and other footwear items of leatherette • Leatherette for upholstery • Leatherette goods (for example: labels, tags, belts, bags, purses and gloves & other accessories and fashion items) • Upholstery for automobile (cars etc.) & furniture
Business Development Services	<ul style="list-style-type: none"> • R&D facilities, design studios/ facilities for prototyping, quality testing, labs, etc. for textile units
Textile Parks/ Leather Park/Processing Park	<ul style="list-style-type: none"> • Textile and Apparel Park • Leather and Footwear Park • Leather Park • Silk Park
Wool processing	<ul style="list-style-type: none"> • Scouring • Combing • Spinning • Weaving • Milling

Manufacturing of Accessories in Textile & Leather & Leatherette	<ul style="list-style-type: none"> Manufacturing of accessories and supplying to textile firms (Bags, Zip, Button, Threads etc.) Manufacturing of accessories and supplying to leather Firms (Zip, Button, laces, Threads etc.)
All types of Footwear	<ul style="list-style-type: none"> All types of footwear - rubber, plastic, fabric, textiles (cotton, wool, polyester, nylon), synthetics, foam and blending of any materials

Categorization of Units under new Bihar Industrial Investment Promotion Policy (Textile & Leather Policy)

Category A	Category B
Weaving, Knitting, Apparel & Garment, Apparel & Garment Accessories, Hosiery, Leather & Leatherette Garments, Leather & Leatherette Accessories and Leather & Leatherette Footwear and all kinds of foot wears.	Spinning, Ginning, Textile Processing (Yarn, Printing), Man Made Fiber, Synthetic fiber, Polyester, Acrylic, Viscose, Rayon, Technical textile, Leather processing (Tanning, finishing etc.)

Note: Integrated Units can commensurate the incentives proportionately based on above mentioned categories

Incentives

S.	Incentives/ Category	Incentive	Capping (In INR)	Policy
1	Capital Investment Subsidy–Micro	15% of plant and machinery	INR 10 Crores	BIIPP (Tex. & leather), 2022
	Capital Investment Subsidy–Small			
	Capital Investment Subsidy–Medium			
	Capital Investment Subsidy–Large			
	Capital Investment Subsidy–Mega			
2	Power Tariff Subsidy–Micro	Subsidy of Rs.2 per unit (*For Category A units	INR 2.5Lakhs/year	BIIPP
	Power Tariff Subsidy–Small		INR 12Lakhs/year	
	Power Tariff Subsidy–Medium		INR 35Lakhs/year	

	Power Tariff Subsidy–Large	only)	INR 60Lakhs/year	(Tex. & leather), 2022
	Power Tariff Subsidy–Mega		INR 80Lakhs/year	
3	Patent Registration (All Eligible Units)	50% of the expenditure incurred up to a maximum of INR 10 Lakh.	INR 10 Lakhs per patent	BIIPP (Tex. & leather), 2022
4	Employment Generation Subsidy –Semi-skilled	300% of ESI and EPF paid against the employee (*For Category A units only) At least 75% of direct employees should be domicile of Bihar, Minimum employee should be at least 100 and shall be employed at least 1 year	INR 3000/month	BIIPP (Tex. & leather), 2022
	Employment Generation Subsidy –Skilled		INR 4000/month	
	Employment Generation Subsidy –Highly-skilled		INR 5000/month	
5	Freight reimbursement Incentive (only for exports)	30% reimbursement of freight for 5 years	INR 10 Lakhs/year	BIIPP (Tex. & leather) & BIIPP 2016
6	Tax Related Incentives (All Eligible Units)	100% of SGST	100% combined cap (130% for Micro and Small Units) for Freight Reimbursement & Tax related incentives	
7	Interest Subvention (All Units)	10% (12% for Micro and Small Units)	50% of FCI and upto 20 Crores whichever is less	BIIPP 2016
8	Skill Development Subsidy (All Eligible Units) – (Per employee per annum)	INR 20,000	INR 20,000	BIIPP 2016
9	Exemption from Stamp duty / Registration fees (All Eligible Units)	100%	100%	BIIPP 2016
10	Exemption from Land Conversion fees (All Eligible Units)	100%	100%	BIIPP 2016

Note: Tax related incentives and Freight reimbursement, together shall not exceed 100% of FCI in any case (130% in case of Micro and Small Units)

- Investors may leverage benefits of any eligible scheme of GoI even if they are announced post notification of policy and shall claim during the policy period
- The total incentives drawn as per the provisions under this policy as well as Bihar Industrial Investment Promotion Policy 2016 shall not exceed 150% of the Fixed Capital Investment (FCI) and shall not exceed 1/5th of total incentives paid in a year.
- For availing incentive under this Policy, the eligible units would be required to submit online application for Stage I clearance.
- Eligible units which have availed Stage-I clearance prior to the date of notification of this Policy shall also be covered under this Policy provided they have not availed Financial Clearance.
- Stage I: Application for stage -I clearance should be submitted latest by **30.06.2023** on Single Window Clearance portal of department of industries (DoI).
- Financial Clearance: Application should be submitted for Financial Clearance latest by **30.06.2024** on Single Window Clearance portal of Department of Industries
- The unit availing subsidy under this policy shall remain in operation for a minimum period of 5 years from the date of disbursement of the last installment of incentives under Bihar Industrial Investment Promotion Policy (Textile & Leather Policy) with the exception of a Force Majeure that is extraordinary events or circumstances beyond human control
- If the unit shall become non-operational prior to **5 years** from the date of disbursement of the last installment of incentives under Bihar Industrial Investment Promotion Policy (Textile & Leather Policy), then all subsidies availed by the unit shall be recovered along with interest compounded annually @18% per annum.

Amendments to the Policy dated 16.03.2024

- Extension of Subsidy period from 5 years to 7 years
- Now, all benefits available under this policy shall be available to both Categories of unit (Category A and Category B)
- Increase in Capital Subsidy limit on Plant & Machinery:
 - 30% of investment in plant & machinery maximum upto Rs. 30 crore (if the commercial operation starts by 30.06.2025)
 - 20% of investment in plant & machinery maximum upto Rs. 20 crore (if the commercial operation starts after 30.06.2025)
 - **The unit shall eligible for either Capital Subsidy OR Interest Subvention under this policy**
 - The cost of Labour Quarter, Dormitory, etc. (constructed for residential purpose of the employee and located within a radius of 5 Kms of the proposed unit) shall be part of project cost for the purpose of capital subsidy or interest subsidy
- Increase in Freight reimbursement from Rs.10 lacs to Rs. 50 lacs
- The total incentives drawn as per the provisions under this policy as well as Bihar Industrial investment Promotion Policy 2016 shall not exceed 150% of the Fixed Capital Investment (FCI) and shall not exceed 1/5th of total incentives paid in a year **is now removed (i.e. total upper cap of incentives is removed)**

(For detailed notification, please refer our website)

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