



Bihar Wood Based Industries Investment Promotion Policy, 2020

Department of
Environment, Forest
and Climate Change,

Government of Bihar

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Preamble

The Government of Bihar is investing heavily in the plantation schemes to improve the green cover in the State of Bihar, and bring the green cover to 17%. A systematic drive has been undertaken to improve the overall tree cover and timber availability in and outside the forest by giving a supply side push to the afforestation program. Further, to provide incentive to the farmers to grow more trees on their farmland it is important that they get a better price of their tree crop- timber. This can be achieved by creating the demand side pull, which is possible by promoting the efficient and integrated wood based industry, which buys the tree crop at a competitive price, and the farmers are encouraged to grow and protect the tree on their farmland.

Bihar has a total of 2272 Licensed Saw Mills, 279 Veneer Mills, 142 Plywood Industries and several furniture making units in the 38 districts, which is mostly in the unorganized sector. The wood based industry is under the forest department and governed by The Bihar Saw Mills (Regulation) Act, 1990 , The Bihar saw mill (Regulation)(Amendment) Act, 2002 and The Bihar Saw Mills (Regulation) Rules, 1993 and various Supreme Court rulings. The Bihar Wood based Industries(Regulation) Act, Ordinance is being promulgated which shall ensure opening of new industries as well as ease in regulating the existing industry. The department was mainly in the regulatory role regarding the saw mills, veneer mills and plywood units. The Forest department regulates the number of the units in the state through Licenses.

The technology penetration in the wood base industry is not upto the standards, further inefficient plant and machinery results in low quality of value added product and more wastage of raw material, lack of integrated units result in inefficient business model. The bank does not support the investment project proposals as it is mostly in the unorganized sector and were also not covered under the priority sector of Bihar Industrial Investment Promotion Policy.

This policy will help to bring in investment and a positive business ecosystem to improve the existing saw mills, veneer and plywood units. The support shall be in Expansion / diversification / modernization/technology upgradation / adding furniture making unit, value addition in existing Industry/ Unit and hence improving synergy.

The policy aims to support the new wood based industry to set up integrated units for improving overall efficiency and integration. In addition, the policy envisages to support the existing small Furniture and other modern artifacts making units in the unorganized sector and artisans. This sector has immense scope for the Job creation for the skilled and semi skilled labor.

Finally, the support provided under BWBI-IPP,2020 will help the citizens in getting good quality wood products and the farmers to realize a better price of their produce and thereby help to maintain the tree crop longer on their farmland, and induce them to plant more and more trees.

Government of Bihar
Department of Environment, forest and Climate Change

Subject: Wood based industries Investment Promotion Policy, 2020 in the State of Bihar.

1. Vision of the Policy

'To encourage and promote wood based industries and artisans in Bihar through technology upgradation, waste reduction, value addition, storage, skill upgradation and export promotion thereby generating higher income returns to entrepreneurs, skill upgradation of artisans and creating more employment opportunities'

2. Objectives

The policy aims to achieve the following objectives for the overall growth and development of wood based industries in the State with a goal of providing remunerative returns to the entrepreneurs :

- 2.1. To promote and facilitate investment in wood based industries in Bihar through financial assistance and an enabling environment
- 2.2. To upgrade the technology, reduction of wastage, value addition, storage, skill upgradation and promote exports thereby resulting in overall development of wood based industry.
- 2.3. To extend financial assistance for establishment of new wood based industrial units as well as technology upgradation and expansion of existing units in the State.
- 2.4. To enhance income of entrepreneurs through better returns gained through waste reduction and value addition.
- 2.5. To create employment opportunities through promotion of wood based industries
- 2.6. To give remunerative price to the farmer for their tree crop-timber and encourage them to plant and maintain trees on their farmland.
- 2.7. To upgrade the skill level of artisans and equipping them with modern and efficient tools and equipment.
- 2.8. To support the small furniture and other modern artifacts making units through modern tools and equipments.

3. Definitions

The various terms used in this policy would carry the same meaning as in the Bihar Industrial Investment Promotion Policy, 2016 unless specified otherwise in this Policy. Other policy specific definitions meant for extending different benefits under this Policy are being given here under:

- 3.1. **"Wood Based industries/ Units"** means processes that use bamboo or wood products, bamboo or wood-waste and or intermediate products to produce products in a manner that there is a transformation in the nature of the bamboo or wood product, and shall include all those industries which are covered in the priority sector of the BIPP-2016.
- 3.2. **"License"** means license granted under section 7 of the Bihar Saw Mills (Regulation) Act, 1990 or any succeeding Act
- 3.3. **"Artisan"** means a person actively engaged in the economic and/or livelihood activity in a wood based / bamboo based skilled trade, including one that involves making things by hand.
- 3.4. **"Skill upgradation"** means training and certification of artisans from National skill qualification framework level training or ITI/ Polytechnic training or Recognition of prior learning or through any other center approved by the department.
- 3.5. **"Technology upgradation"** means use of efficient, waste reducing, quality improving, power efficient tools, plants and Machinery in in existing wood based units.
- 3.6. **"Expansion of existing unit"** means enhancement of capacity by at least 25% of the existing capacity of the said unit.
- 3.7. **"Diversification of existing unit"** means establishing different activity/ product line on the same premises to improve the efficiency, viability of the existing unit, and/or ensure value addition.
- 3.8. **"Project Cost"**, for the purpose of calculation of subsidy shall mean and include the cost of plants and machinery, cost of civil construction, cost of land value and working capital,
provided that the working capital for this purpose of calculating project cost for the subsidy shall be maximum of 20% of the projected annual turnover,
provided that 10% of the land value or 10% of the project cost whichever is lower shall be taken for the purpose of calculating the land value in the project cost for the subsidy,
provided that Land value shall be taken as the MVR of the area,
provided that the department shall prepare an indicative unit cost for tools, plants and machinery for the purpose of evaluating project cost.
- 3.9. **"Women/ Schedule Caste (SC)/ Schedule Tribe (ST) enterprise"** means an enterprise and other association of persons by whatsoever name it may be called, having:
- Women/ Schedule Caste (SC)/ Schedule Tribe (ST) as proprietor, in case of proprietorship enterprise; or
 - Majority of partners who are Women/ Schedule Caste (SC)/ Schedule Tribe (ST) and such partners are working partner(s) having more than 50% investment in the capital of the enterprise, in case of partnership including limited liability partnerships;
 - 100% stake by Women/ Schedule Caste (SC)/ Schedule Tribe (ST) in a company formed under Companies Act, 2013
- 3.10. **"Year"** means financial year (From 1st April to 31st March) and quarter means the period of three months ending on 30th June 30th September 31st December and 31st March;

4. Salient features of Wood based industries Investment Promotion Policy, 2020

- 4.1. The benefits as per provisions of this policy shall be available to eligible investors in addition to the benefits under the Bihar Industrial Investment Promotion Policy, 2016. However, investors shall not be eligible to avail the same incentives under both policies.
- 4.2. The policy shall provide capital subsidy to the eligible individual investors / entrepreneurs for setting up / modernization / expansion/ technological upgradation/diversification of wood based industrial units in the state of Bihar. The investors/ entrepreneurs may set-up their units as Proprietorship, Partnership firm, LLP, Company.
- 4.3. Subsidy under this policy shall be allowed only in:
 - a. Technology upgradation of existing tools, plants and Machinery of the existing wood based industrial units in the state.
 - b. in case of expansion of existing units the existing capacity of the said unit is enhanced by at least 25% by way of such expansion or modernization.
 - c. In case of diversification of an existing unit, the project cost of the diversified unit should be at least Rs 10 lakhs in plants and machinery and civil construction for a new product line.
 - d. Setting up of new wood based industries in the state.
- 4.4. Artisans working on wood based products shall be eligible for skill upgradation, certification and provision of tools and equipment.
- 4.5. Small furniture and artifact making units employing not more than 10 labour shall be eligible for one time grant for modern tools and equipment
- 4.6. Environment, Forest and Climate Change Department, Government of Bihar will be the nodal agency for implementation and monitoring of this policy in the state.
- 4.7. This policy will come into effect from the date of issue of this notification which will be its effective date, and it will remain in operation till 31st March, 2025 and a suitable decision on continuation may be taken by the Department.
- 4.8. Department will be empowered to issue necessary guidelines.

5. Incentives under Wood based industries Investment Promotion Policy, 2020

The Policy recognizes the need of subsidy to improve the investment prospects in the wood based industrial units in the state.

5.1. Guiding Principles

- 5.1.1 These provisions / principles shall be applicable to all eligible units under this policy.
- 5.1.2 This policy shall come into force from the date of its notification. The said date shall be considered as effective date of this policy from which its provisions coming into force and

will be applicable till 31st March 2025. Eligible units under the policy shall avail the subsidies' upto a maximum of 2 yrs after the end of the policy term, i.e. 31st March 2025.

- 5.1.3** The subsidy support to the units falling under the identified wood based industrial units will be in addition to the wide range of benefits eligible under the Bihar Industrial Investment Promotion Policy, 2016.
- 5.1.4** An investor shall not be eligible for applying under this policy for availing capital subsidy beyond 31st March 2025.
- 5.1.5** For the purpose of calculation of capital subsidy under this policy, the approved project cost shall mean the project cost as defined in Clause 3.8 and approved by the competent authority. The approved project cost shall be the basis for determining the disbursal amount.
- 5.1.6** In case of SC/ ST investors, the maximum limit of capital subsidy shall be increased by additional 5% across all categories. However, the overall limit of the subsidy shall remain the same.
- 5.1.7** In case of women, differently abled entrepreneurs, war widows, acid attack victims and third gender entrepreneurs, the maximum limit of capital subsidy shall be increased by additional 5% across all categories. However, the overall limit of the subsidy shall remain the same.
- 5.1.8** The benefits under this policy shall 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.
- 5.1.9** The time schedule for completion and operationalization of project will be a maximum of 24 months from the date of approval.
- 5.1.10** Other subsidies/grants/soft loans and other benefits as applicable in other schemes shall be valid for wood based industries and infrastructure established in the State of Bihar.
- 5.1.11** 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 and to the Nodal agency for implementing this policy. 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.
- 5.1.12** 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 (as provisioned in BIIPP 2016).
- 5.1.13** 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 (as provisioned in BIIPP 2016).

- 5.1.14** Any attempt to break/ divide or merge units only for the sake of availing a higher amount of capital subsidy without substantial operational reasons shall be treated as misrepresentation of facts and will attract penal action as decided by the competent authority (as provisioned in BIIPP 2016).

5.2. Assistance under this policy

The Policy aims to promote investment in wood based Industry/units in the state through extending an additional support (apart from those enshrined in the BIIPP, 2016) for the individual investors as well as to create an enabling environment for promoting wood based industries in Bihar.

5.2.1 Subsidy

- a)** Subsidy shall be made available to the investors as per the following details:

	Units	Subsidy	Scope of Project
Category A	Existing wood based industrial unit	To be eligible for subsidy the project cost has to be minimum of Rs 10 Lakhs. The subsidy shall be 35% of the project cost subject to a maximum of Rs 70 Lakhs . 1st Installment - 50% (after purchase and installation of plant and machinery) 2nd installment – 50% (after commencement of commercial production of the unit / project)	1. Expansion / diversification / modernization/Technology upgradation of existing Wood based Industry/ Unit to reduce wastage, waste utilization, quality improvement, value addition and synergy.2. Skilling and Job creation
Category B	New Integrated wood based industrial Units	To be eligible for subsidy the project has to be approved by SIPB and project cost has to be minimum of Rs 50 Lakhs. The subsidy shall be 35% of the project cost subject to a maximum of Rs 175 Lakhs . 1st Installment -50% (after purchase and installation of plant and machinery) 2nd installment – 50% (after commencement of commercial production of the unit / project)	1.Set up new Integrated wood based industrial Units2. Skilling and Job creation

	Units	Subsidy	Scope of Project
Category C	Support to Small Furniture and other wood based artifact making units employing not less than 10 labour.	Grant upto Rs 2,00,000/Unit for tools and equipments	1. Quality improvement and waste reduction using Modern tools and Equipment 2. Skill Upgradation
Category D	Individual Artisans	Grant of upto Rs. 50,000 per individual for modern tools and equipments including skill upgradation	1. Quality improvement and waste reduction using Modern tools and Equipment 2. Skill Upgradation

Note: Cost norms for tools, plant and machinery shall be fixed by the department to calculate the investment in the project under all categories

5.2.2 Dovetailing with Central and State Government policies and schemes

Dovetailing of incentives with the Central Government and State Government schemes will be permitted and they shall be over and above the proposed subsidy.

5.3. Special Incentive Package for Scheduled Caste and Scheduled Tribe investors

5.3.1 In order to promote SC/ST investors in the State, entrepreneurs under the said categories shall avail 5% additional subsidy under the policy subject to the condition that entrepreneurs under these categories shall hold 100% stake in the project. However, the overall limit of the subsidy shall remain the same. The department shall earmark funds for these categories of entrepreneurs.

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

5.4.1 In order to promote investment amongst the women, differently abled persons, war widows, acid attack victims and third gender investors, entrepreneurs under above categories avail 5% additional subsidy under the policy, subject to the condition that entrepreneurs under these categories shall hold 100% stake in the project. However, the overall limit of the subsidy shall remain the same. The department may earmark funds for these categories of entrepreneurs.

6. Institutional support

6.1 The State Government shall strive to create an enabling environment for improved investment in Wood based industries. The department of Environment, Forest and Climate Change shall work in coordination with other concerned departments and stakeholders to ensure this.

- 6.2** The State Government shall promote marketing of raw material-timber, including by setting up a dedicated platform for collecting market information, marketing and brand development through Forest Development Corporation.
- 6.3** The State Government shall explore RPL (recognition of prior learning) based skill building programme for the manpower involved in various activities of wood base industries and Furniture making, to recognize (and certify) the existing skill set and promote capacity building.

7. Investor(s) / Applicants and eligibility

7.1. Investor (s) / Applicants

- 7.1.1.** Individual investors / entrepreneurs and existing licensed wood based Units shall be eligible for financial assistance under this policy. The investors may apply as proprietorship, partnership, LLP or company.
- 7.1.2.** The Department may earmark funds for extending benefit of this policy to SC & ST, Women, Third Gender, Differently abled, Acid attack victim. Therefore, subject to meeting the basic eligibility criteria, SC / ST beneficiaries will be given preference in sanction of the projects under the policy to the extent of earmarked fund allocation for each category.
- 7.1.3.** The Investor / Applicant would be responsible for the following:
 - a) Read all the policy related documents and details carefully and submit the applications as per the requisite guidelines.
 - b) Formulate the Detailed Project Report (DPR) and ensure timely execution of the project as per the submitted schedule of implementation in the application format.
 - c) Ensure timely and judicious end-usage (as decided) of the finance and grant procured for the project and ensure timely payback and profitability.
 - d) Obtain statutory approvals/clearances including environmental clearances, which are prerequisite for commencement and operation of the Project.
 - e) Achieve financial closure and ensure timely completion of the project in specified timelines.
 - f) Own and maintain the enabling infrastructure.
 - g) Maintain proper accounts of the project implementation and the maintenance of infrastructure and facilities after commissioning of the project.
 - h) Report to the Department the timely progress of the project (Submit due progress report with pictures / photographs of site) and facilitate monitoring and inspection, as and when required.
 - i) The selected investor will adhere to all the Terms and Conditions signed in the agreement with the Department of Environment, Forest and Climate Change, Government of Bihar.

7.2. Eligibility

- 7.2.1.** The applicant should have a sound financial background. The net worth of the applicant(s) should not be less than the subsidy amount sought.

- 7.2.2.** The land for the project under Category B 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.
- 7.2.3.** Any investor / applicant who has availed financial assistance for a project under this policy of the Government of Bihar, shall not be eligible to apply for another project under the same policy until one month after operationalization of the earlier project.
- 7.2.4.** The proposals will be considered eligible subject to fulfillment of conditions prescribed in the policy guidelines. The proposals will be selected in order of merit subject to the availability of Budget till the time the number of projects as per the annual targets gets exhausted.

8. Policy Implementation, Monitoring and Grievance Redressal

8.1. Policy Implementation

- 8.1.1.** Department of Environment , Forest and Climate Change, Government of Bihar shall be the nodal agency responsible for implementation of this policy in the State.
- 8.1.2.** The Department shall constitute a Project Monitoring Committee (PMC) for scrutiny of the proposals received and providing clearances on release of capital subsidy under this policy to the applicant investors.
- 8.1.3.** Proposal under Category B-After the investor's project / unit attains the SIPB approval, Project Monitoring Committee, constituted under this policy, shall undertake subsidy sanction and disbursal decision based on the applicant's eligibility as per this policy's conditions. The decision taken by the PMC shall then be communicated to the Industries Department and the investor(s).
- 8.1.4.** The Department of Environment, Forest and Climate Change shall place Technical Support Group (TSG) to facilitate investors under this policy and to support PMC in scrutiny of the proposal, subsidy calculation and disbursal as per the provisions.
- 8.1.5.** The Department of Environment, Forest and Climate Change shall issue detailed guidelines for implementation of this policy and disposal of claims for the subsidy.

8.2. Policy Monitoring and Grievance Redressal

- 8.2.1.** The implementation of the policy will be reviewed from time to time basis and necessary facilitation and course correction shall be undertaken as found necessary to achieve the objectives of this policy. The PMC with support from TSG shall undertake implementation and monitoring of the sanctioned projects / units and facilitate grievance redressal.
- 8.2.2.** 'Wood Based industries Investor Promotion facilitation desk' shall be established in the Department of Environment , Forest and Climate Change to provide handholding support to the investors at various stages of application / clearances from concerned authorities and liaising with the related agencies as part of Government's effort to ensure Ease of Doing Business.
- 8.2.3.** The department will set up a grievance redressal mechanism.

8.3. General Conditions

8.3.1. Following general conditions shall be applicable for availing the subsidy 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 the condition of this policy, the amount of capital subsidy is liable to be recovered from the date of availing such benefit along with the 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.

8.3.2. Whatever is not defined / mentioned here will have the same meaning as given in the Bihar Industrial Investment Promotion Policy, 2016 for all purposes.

8.3.3. The definitions given in this policy and the definitions provided in BIIPP 2016 shall be treated as part of the policy.

8.3.4. This policy will come into effect from the date of issue of this notification and will remain in operation till 31st March 2025.

Annexure – I

Abbreviations

BWBIIPP	Bihar Wood Based Industries Investment Promotion Policy, 2020
BIIPP	Bihar Industrial Investment Promotion Policy 2016
DPR	Detailed Project Report
FCI	Fixed Capital Investment
FI	Financial Institutions
PMC	Project Monitoring Committee
RPL	Recognition of Prior Learning
SC	Scheduled Caste
ST	Scheduled Tribe
TSG	Technical Support Group