Department of Information Technology
Govt. of Bihar



Shri Samrat Choudhary
Hon'ble Chief Minister, Bihar

BIHAR IT POLICY 2024



Department of Information Technology
Government of Bihar

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1. Bihar IT/ITeS AND ESDM Vision 2024

The State of Bihar is currently one of the fastest growing State economies of the country. According to the Economic Survey, the Gross State Domestic Product (GSDP) of Bihar for 2022-23 (at current prices) is projected to be Rs 7,45,310 crore. This is a growth of 9.7% over the estimated GSDP of Rs 6,79,473 crores for 2021-22. Bihar's Gross State Domestic Product (GSDP) grew by 2.5 percent in 2020-21 and the growth rate is better than the national average, despite the effect of the 'lockdown' imposed to prevent the Covid-19 epidemic.

1.1 Vision

"To develop the IT/ ITeS and ESDM industry of the State for inclusive socio-*economic growth and gainful employment generation, and to emerge as the next investment destination for IT/ ITeS companies in the country, while offering an enabling environment for industrial investments, stable policies and transparent governance, strategic infrastructure development, and enhanced service delivery by effective use of information technology".*

1.2 Mission

i. To promote Bihar as one of the leading investment destinations for IT/ ITeS and ESDM companies in the country by ensuring a congenial industrial climate, stable policies that are industry-friendly, transparent governance, and a large technology talent pool available at competitive rates.

ii. To develop a sector-focused state-of-the-art infrastructure ecosystem in the State through a slew of financial, regulatory and institutional reforms.

iii. To create opportunities for gainful employment of the youth in the sector, enhancing their employability, and developing a sustainable skill ecosystem wherein the workforce is equipped with employable skills and knowledge to be able to contribute to the economic growth of the State and the country.

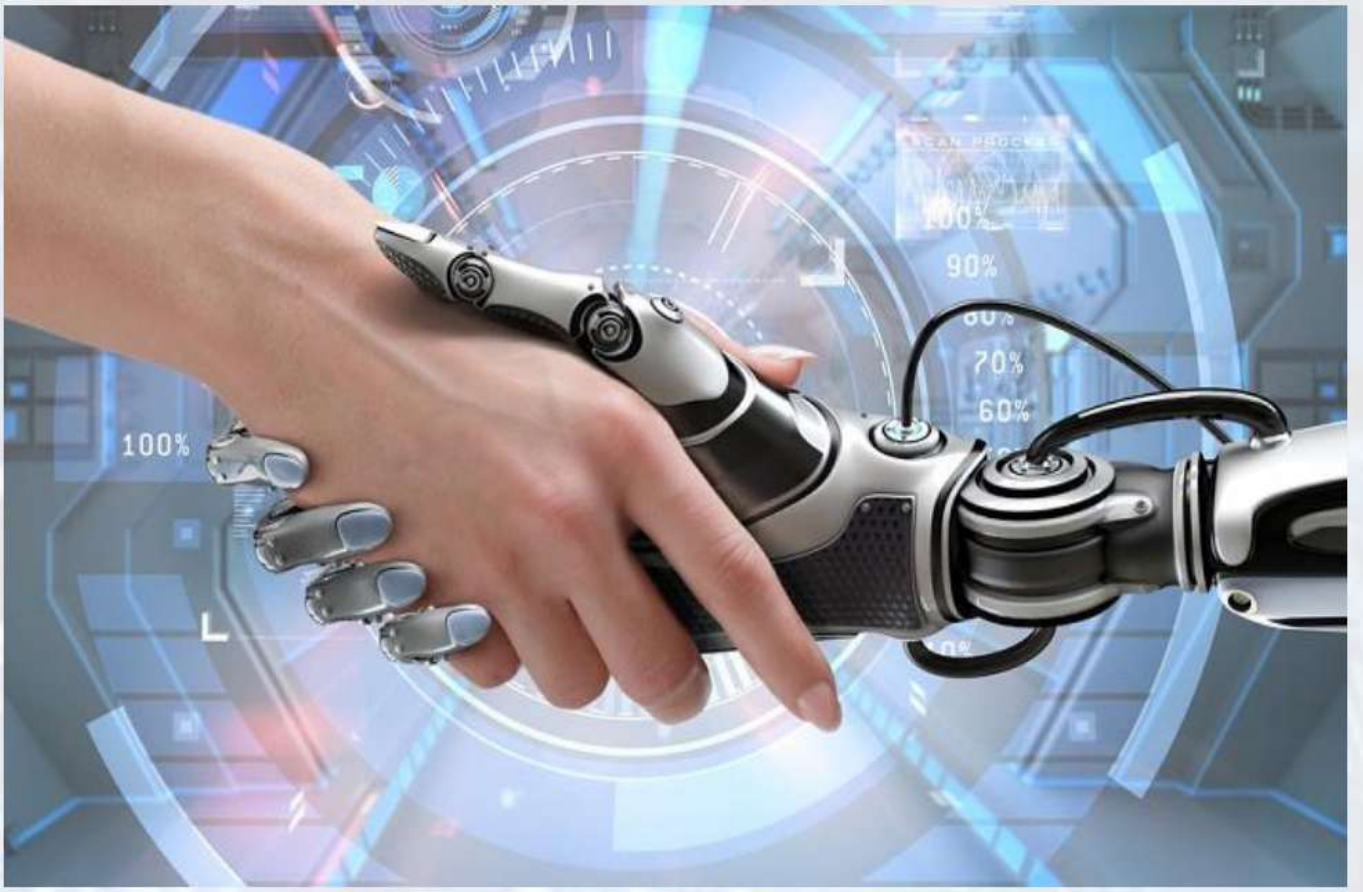
iv. To build a strong eco-system for nurturing innovation in the State and empower Startups to grow across domains in the IT/ ITeS and ESDM sector.

1.3 Focus Areas

As the State recognizes the significance of the IT/ ITeS and ESDM sector as major contributor towards the State economy, the State Government wishes to channelize its efforts towards certain key areas that have been identified as major avenues towards high growth, gainful employment generations, and income augmentation while leveraging the traditional strengths and strategic advantages of the State. Incentive under this policy shall be restricted to following focus areas:

IT/ITeS Sector	ESDM Sector
• IT Products, Software and Services ▪ Knowledge Process Outsourcing (KPO) ▪ Call-Centres (BPOs) ▪ Software Development Centres ▪ Digital content Development ▪ Smart Technologies ▪ Internet of Things (IoT) ▪ Data Centres ▪ Big Data and Analytics ▪ PC Gaming, Console Gaming, Online/ Multiplayer Gaming, Mobile Gaming, Video Games ▪ Animation ▪ Visual Effects or VFX ▪ Web-Designing ▪ E-Learning and E-Education ▪ IT Platform/Aggregators	• Chip Manufacturing and Design ▪ Computer or peripherals and other office Equipment manufacturing ▪ Semiconductors ▪ Server and storage devices ▪ Communication and Networking devices ▪ Automotive electronics ▪ Medical Electronics ▪ Industrial Electronics ▪ Telecom electronics ▪ Strategic electronics and devices ▪ Electronic manufacturing services ▪ Solar Photo Voltaic cells & Solar Panels ▪ Electronic consumer Devices & Gadgets ▪ LEDs ▪ Embedded software ▪ Defence electronic equipment ▪ Information, and broadcasting electronic devices ▪ Drone Manufacturing ▪ E-waste Recycling

**The focus areas may change from time to time.*



Department of IT shall prepare a negative list of functions/activities which shall not be eligible for incentives under this policy. The negative list shall include functions such as Business Development, Sales office, Common Service centers, Training/Exam centers, Cyber cafes and may be amended from time-to-time. Department Secretary shall be the competent authority for any addition in negative lists whereas deletion from negative lists shall be done as per approval of Government.

2. Eligibility and Related Criteria

i. IT/ITeS/ESDM units having GST registration of Bihar post notification of this policy shall be considered as New Units and shall be eligible for the incentives under this Policy.

ii. Existing IT/ITeS/ESDM units having GST registration of Bihar and with minimum expansion over and above 50% of existing manpower subject to minimum 25 fresh direct employment post notification of this policy and also fulfil other criteria (applicable on expansion part) as specified under this section, shall be eligible to avail incentives corresponding to incremental employment.

iii. Employment means direct employment of manpower having minimum qualification of BE/BTech/MCA/MBA/CA or equivalent with minimum CTC of 2.4 lakhs per annum for IT/ITeS units whereas minimum qualification for ESDM units shall be ITI/Diploma/BE/BTech/MCA/MBA/CA or equivalent with minimum CTC of 1.8 lakhs per annum. Direct employment must be for a continuous period of 6 months.

iv. The minimum turnover per employee per annum for the IT & ITeS unit must be INR 20 lakh whereas minimum turnover per employee per annum for the ESDM unit must be INR 50 lakh.

v. To avail any benefits under this policy, minimum 25 direct employment must be generated and at least 50% of total employment must be for persons having permanent domicile of Bihar.

vi. The fulfilment of employment condition would be determined on the basis of average Annual direct employment generated. Average annual direct employment is average number of employments generated by the eligible units in that particular year as per EPF register.

vii. Additional 5% incentives shall be provided to SC/ ST/ BC/ EBC/ Women/ Divyangjan/ War Widow/ Acid Attack Survivors/ Third genders Entrepreneurs as per eligibility criteria laid down under various incentives. The individual SC/ST/Women/Divyangjan/War Widow/Acid Attack Survivors/Third genders Entrepreneur must have minimum 51% of shareholding in the IT/ITeS/ESDM Units and should hold Director(or Equivalent) position in IT/ITeS/ESDM company/entity. In case of change in Director, the successor should also be from same category to avail the benefit.

viii. Additional 10% incentives shall be provided to IT/ITeS/ESDM Units established outside Patna and Danapur Municipal area as per eligibility criteria laid down under various incentives.

ix. IT/ITeS/ESDM Units shall only be eligible for incentives upon fulfilment of respective criteria and subject to verification.

x. All incentives shall be applicable after commercial production/operation and till maximum period of 5 years.

xi. IT/ITeS/ESDM units shall have to ensure that minimum 60% of employees must be stationed in Bihar. The organization must provide a self-declaration and maintain biometric records at the unit level.

xii. Applicable incentives shall be disbursed up to 5 years from the date of end of this policy.

xiii. Dovetailing with Central government Schemes shall be allowed.

xiv. Units which have availed benefits under this policy shall not be eligible to avail benefits for same investment under any other policy/scheme of the State and vice versa.

xv. Any disbursement in this policy shall be made on yearly basis.

xvi. GST paid (if any) by the unit shall not be considered to determine the eligible incentive quantum and eligible fixed capital investment.

xvii. Any penalty/late fees shall not be considered to determine the eligible incentive quantum.

xviii. For all the financial incentives, reimbursements to the applicant will be done on submission of proof of payment made by the applicant to the concerned authority/agencies. Payment done through Electronic Fund Transfer or Banking instruments shall only be considered and payment made in cash shall not be considered for determination of eligible amount of incentives.



Fiscal Incentives

3. Fiscal Incentives

The financial incentives for investors under Bihar IT/ITeS/ESDM Policy, 2024 are as below:

3.1 Capital Investment Subsidy:

The eligible IT/ITeS/ESDM units with minimum Fixed Capital Investment (FCI) of INR 5 Crores shall be entitled for One time Capex support of 30% on the FCI incurred by such Units up to a maximum limit of INR 30 Cr. The Project proposal must be appraised by RBI registered Financial Institution or Scheduled Bank only. Fixed Capital Investment includes Land Purchase, Building purchase/ Construction, Plant & Machinery, Stamp duty and land conversion fee, if any, paid.

For Financial incentive calculation purpose, the cost of land shall not exceed a limit of 20% of the total proposed investment other than the land. Thus, in the approved project cost either the actual cost of land mentioned in the project report assessed by the scheduled commercial bank/ registered financial institutions or 20% of the total proposed investment excluding the land, whichever is less, will be considered.

The incentive shall be reimbursed in Five (5) equal annual instalments post commercial production/operation.

OR

Interest Subvention Subsidy:

a. State shall reimburse "Interest Subsidy" to the eligible units on the term loan availed by the unit from the RBI registered bank/ financial institution.
b. Rate of interest for interest subvention will be 10% or actual rate of interest on term loan, whichever is lower.
c. The overall limit of this subvention will be 50% of the approved project cost as approved by Bank/Financial Institutions or INR 40 Cr, whichever is lower.
d. Interest shall not be paid on promoter's contribution in any form in the unit.
e. In case the promoters do not avail any term loan for the unit, they would not be eligible for this incentive.
f. The reimbursement of incentive shall commence post commercial production/operation and shall be reimbursed annually for 5 years.

Applicant shall have to choose any one of the benefits under sub-head Capital Investment Subsidy or Interest Subvention.

3.2 Lease Rental Subsidy

Eligible IT/ITES/ESDM units operating from leased office/commercial space shall be reimbursed Lease Rental incentive of 50% of the Lease rental amount paid and will be provided for a period of five (5) years, subject to following conditions:

a. The Office space should be located in the state.

b. Per employee office space should not be considered more than 100 sq ft of super built-up area.

c. For the purpose of this incentive calculation, lease rate shall be limited to INR 50 per sq ft per month for the policy notification financial year and this limit shall be increased by INR 2.5 every financial year as mentioned below:

S.No.	Financial Year	Limit on Lease rate/sqft/month(INR)
1	FY 2023-24	50
2	FY 2024-25	52.5
3	FY 2025-26	55
4	FY 2026-27	57.5
5	FY 2027-28	60
6	FY 2028-29	62.5

*Registered Lease deed shall be required and lease deed should be for a minimum period of 5 years.

3.3 Power Tariff Subsidy

Eligible IT/ITeS/ESDM units will be provided annual reimbursement of 25% of the Energy bill for a period of five (5) years. The "Energy bill" in this case is comprised of the Fixed charges, Energy Charges and Electricity Duty excluding any applicable discount/late payment.

3.4 Employment Generation Subsidy (Inclusive of ESI & EPF)

The State will provide 100% reimbursement on account of employer's contribution towards EPF and ESI(wherever applicable) subject to a maximum limit of INR 5000 per employee per month for a period of five (5) years.



3.5 Mega IT/ITeS/ESDM Units

Mega Enterprises, projects with an investment above INR 100 crores or generating a minimum of 1000 direct employment on its payroll in the state, shall be eligible for tailor-made package of incentives. This may be over and above the benefits provided under this Policy and will be considered by the Government on a case-to-case basis.

3.6 Net SGST Subsidy

The Gazette No.79, dated 16.01.2025, introduces the Net SGST subsidy with the aim to support and encourage investment in IT/ ITeS/ESDM sector by extending financial advantages to eligible investors by offering Net SGST benefit.

The provision of SGST reimbursement is contained in the Resolution No.- 108 dated 20.01.2020 of the Industries Department. Similarly, the provision of SGST reimbursement is included as clause-3.6 of Bihar IT Policy 2024 as follows: -

I. All eligible units will be provided 100% reimbursement against the SGST deposited in the account of the State Government from the Electronic Cash Ledger after adjustment of IGST and SGST credit available in the Electronic Credit Ledger. This reimbursement will be provided to eligible units up to 5 years from the date of commercial production of the units and cumulative value of Net SGST Reimbursement over the 5 years shall not exceed 100% of eligible fixed capital investment under any circumstances. Department of IT, GoB will reimburse computed SGST based on the report received from the Commercial Taxes Department. The said reimbursement will be given subject to the following conditions.



a) Claim for reimbursement will be made by the Units in prescribed format on yearly basis.

b) Tax amount paid by the eligible unit from Electronic Cash Ledger will be certified by Commercial Taxes Department on the basis of the statements filed and the payment receipts.

c) Units will first utilize the full amount of IGST and SGST credit lying in Electronic Credit Ledger for payment of SGST liability and the balance SGST liability will be paid through Electronic Cash Ledger. In case the available credit is not fully utilized, amount of such available and un-utilized credit will be deducted from the next reimbursable claim of the Unit, if the Unit is eligible for next instalment of reimbursement. In case the Unit is not eligible for next instalment of reimbursement, the Promoters of the unit would be liable to deposit the said amount in the Government Treasury and in the event of default by the Promoters in depositing the amount, the said amount will be recoverable as dues of land revenue.

d) At any stage after sale/supply by the unit, in case of an inter-state supply of such goods (sale or inventory transfer) by a registered dealer, amount equivalent to SGST utilized in payment of IGST liability in relation to such inter-state supply would be recoverable from the unit and such recovery will be made through adjustment from the next instalment of reimbursement if the unit is eligible for next instalment of reimbursement. In case the unit is not eligible for next instalment, the Promoters of the unit would be liable to deposit the said amount in the Government Treasury and in the event of default by the Promoters in depositing the amount, the said amount will be recoverable by the department.

e) Calculation of reimbursable/adjustable/ depositable amount as referred to in sub-clause (c) and (d) will be done by the Commercial Taxes Department based on the statements filed by the applicant unit and related dealers and the same will be intimated to the Department of IT, GoB and if required, recovery in such cases will be made by the Department of Information Technology.

II. For the purpose of certification of IGST and SGST credit utilized in discharging SGST liability as referred to in above mentioned clause-(I) of sub-clauses, confirmation of receipt of amount inherent in such credit, and computation of reimbursable claim of the Unit and procedure related to its resources, guidelines may be issued by the Commercial Taxes Department, from time to time.

III. Maximum limit of total Net SGST reimbursement shall be at 100% of FCI. However, the annual Net SGST reimbursement shall be maximum 20% of FCI.

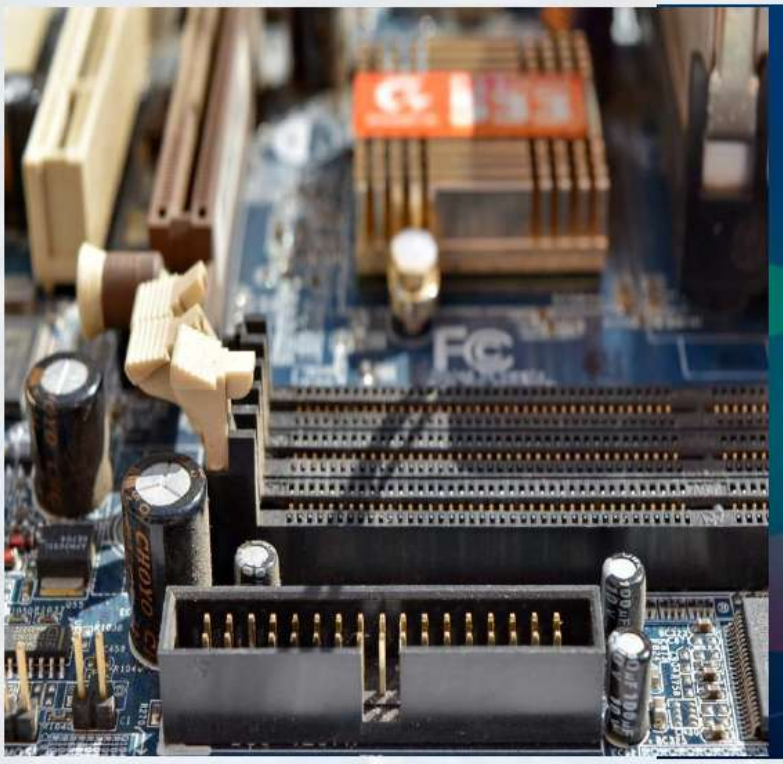
IV. Industrial units having production less than 50% of installed capacity shall not be eligible for SGST reimbursement.

V. Net SGST Reimbursement shall be given to eligible IT/ITeS and ESDM Units as specified in the policy and if such entity are also engaged in trading business, then Net SGST Reimbursement shall not be given for such sale/supply generated through trading business.

VI. If the eligible unit has shown its inter-state supplies as intra-state supplies through intermediary/marketing network/or any other middleman, either directly or indirectly controlled by it, in order to get higher incentives then benefit to the eligible unit shall be liable to be cancelled with effect from the date of such contravention, and the eligible unit shall be liable to return forthwith the incentives availed, with interest @12% per annum.

In case of any discrepancy in the meaning and interpretation of the translated version of this policy, the English language version shall be binding in all respect and shall prevail.

The resolution has been approved by the State Cabinet in the form of item number-15 dated – 10.01.2025





4. Tenure of the Policy

This Policy will come into effect from the date of issue of this notification and will remain in /operation till 5 years.

5. Policy Implementation & Monitoring

5.1 The Department of Information Technology, Govt. of Bihar will issue detailed implementation guidelines to achieve the goals and objectives of this Policy.

5.2 **Stage of Project Clearance and Disbursement**

5.2.1 Stage 1 Clearance: All the applications shall be accepted through state SIPB portal for Stage I clearance wherein the proposed project would be examined for feasibility and issuance of necessary approval to the investor. The IT department shall examine all the investment proposals and those worth up to INR 5 Cr. shall be placed before the SIPB Secretariat, which would be presided by the Additional Chief Secretary (ACS) /Principal Secretary/Secretary, Department of Information Technology, Govt. of Bihar, whereas investment proposal more than INR 5 Cr., shall be placed before the State Investment Promotion Board (SIPB) for a decision. This clearance has to be obtained by investor before commercial production/operation.

5.2.2 Financial Incentive Clearance:

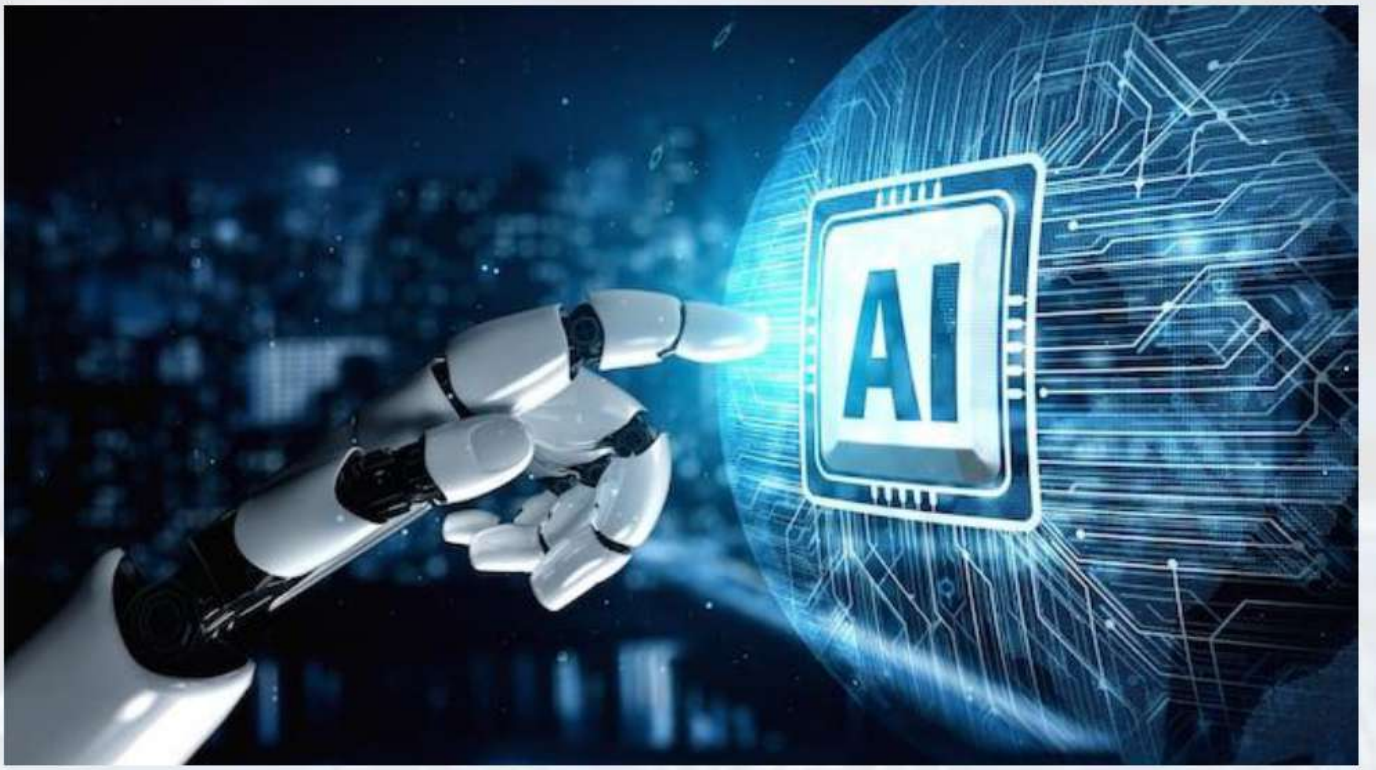
a. Financial Incentive clearance refers to the clearance requested/accorded to an investor for availing financial incentives. The quantum of incentives to be given shall be decided at this stage as per the Policy. This clearance must be obtained by investor any time after Stage I clearance but before commercial production/operation through a fresh application.
b. Financial Incentives clearance for investment of ₹5 Crore and less shall be approved by the ACS/Principal Secretary/Secretary, Department of IT, whereas the applications for investment more than ₹5 Crores shall be placed before the SIPB and the SIPB shall recommend the quantum of incentives applicable to the investment proposal.
c. The competent authority to accord final approval on Incentives shall be as follows:

Eligible Investment Size	Competent Authority
Up to ₹5 Crore	ACS/ Principal Secretary/ Secretary, Department of IT
More than ₹5 Crore and up to a limit of ₹15 Crore	Minister, Department of IT
More than ₹15 Crore and up to a limit of ₹30 Crore	Jointly by the Minister, Department of IT and Minister, Department of Finance
More than ₹30 Crore	Cabinet

5.2.3 Financial Incentives Disbursement: The amount of Financial Incentives for disbursement shall be approved by Additional Chief Secretary (ACS) /Principal Secretary/Secretary, Department of Information Technology, Govt. of Bihar.

5.3 Applicant Units shall inform the Department of Information technology, GoB about commencement of commercial production/operation within 15 days. DIT shall verify the same and issue commercial production/operation certificate. Verification shall also be done at time of disbursal and as and when required after commercial production/operation.

5.4 The Department of Information Technology shall implement this policy.



5.5 The applicant availing benefits under the Policy shall be subject to the conditions, procedures, instructions, clarifications or amendments issued, from time to time, for this policy and other applicable policies issued by Department of Information Technology, Government of Bihar.

5.6 The Investment Promotion & Facilitation Cell/Project Management Unit (PMU) of the Department of IT shall support the implementation of the Policy.

5.7 In case of any discrepancy in the meaning and interpretation of the translated version of this policy, the English language version shall be binding in all respect and shall prevail.

List of Abbreviations

Abbreviations	Full Form
IT	Information Technology
ITeS	Information Technology enabled Services
ESDM	Electronic System Design and Manufacturing
GSDP	Gross State Domestic Product
KPO	Knowledge Process Outsourcing
BPO	Business Process Outsourcing
IoT	Internet of Things
LED	Light Emitting Diode
VFX	Visual Effects
CTC	Cost to Company
PC	Personal Computer
GST	Goods and Services tax
SC	Scheduled Cast
ST	Scheduled Tribe
EBC	Extremely Backward Class
BC	Backward Class
FCI	Fixed Capital Investment
Cr.	Crore
INR	Indian National Currency
Sq. ft.	Square Foot
DIT	Department of Information Technology
ACS	Additional Chief Secretary
PMU	Project Management Unit
EPF	Employee Provident Fund
ESI	Employee State Insurance
SIPB	State Investment promotion Board
GoB	Government of Bihar
ITI	Industrial Training Institute
MCA	Master of Computer Application
BTech	Bachelor of Technology
RBI	Reserve Bank of India
MBA	Master of Business Administration



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https://state.bihar.gov.in/dit/CitizenHome.html