

FICCI-KAF recommendations to improve industrial growth in Bihar

PATNA, December 12, 2011. A FICCI- KAF (Konrad Adeneur Foundation) has made wide-ranging recommendations for improving industrial growth in the state. The suggestions, based on industry's feedback on land allocation, power, labour, taxation, transport infrastructure, marketing, credit availability, technology upgradation and agri-led industrial development, were presented at a workshop here today for discussion with state government representatives.

The following are the recommendations on each of the identified parameters:

Land:

Bihar Industrial Area Development Authority (BIADA) should make efforts in providing large plots of lands at reasonable rate for starting up or expansion of Industrial units.

Emphasis should be given to the restoration of unutilized land of closed and sick PSUs and non-PSUs which could be released and offered to new industrial units for productive use.

The recording system of BIADA needs to be modernised and computerised to avoid confusion with respect to land records.

Power:

In-order to improve the condition of power availability in Bihar the allocation from NTPC units to the State must go up from present share of 25 percent to 50 percent.

The State Government should do away with fuel surcharge of electricity for industrial units and rationalize the prevailing high tariff rates for industrial units.

There should be the provision of fuel (diesel) subsidy on the usage of diesel run generator sets for tiny units.

The entry of private players should be allowed in state power sector.

BSEB should come out with a policy for One Time Settlement (OTS) for the rehabilitation of old shut down units on the basis of actual units consumed by them and clear all the bills due on that unit.

Transport Infrastructure:

Most of the National Highways should be converted into 4 lane road and all State Highways to 2 lanes during the present plan period.

GT road needs to be connected with Patna for time savings and cost effectiveness in the dispatching of products.

For an improved connectivity between north and south Bihar there is a need to construct mover bridges over river Ganges.

The Bodhgaya Airport has to be equipped with air cargo facilities and integrated systems of cargo handling. Also, locations like Muzzaffarpur, Bhagalpur, Purnea and Dehri should be considered for mid level airports.

For transporting perishable items, refrigerated vans, vessels and wagon should be provided as the basic logistic support to the agri-business farms.

Being a land lock state, dry port, sea port and connecting expressway for the State is much needed.

Labour:

ITIs must focus on a training embedded curriculum with proper skill formation to help to reach the optimum level of labour productivity in the state.

To meet the increasing expenditure on installing expensive machines and equipments in ITIs, central government must increase the allocation of each ITI from the existing 2 crores to 10 crores.

More training centres need to be set up in rural areas for workers in the handloom and powerloom sector, so that, a large number of rural youth could opt for the skill training in these centres.

Marketing Infrastructure:

The big private agri-business companies with their specialised proficiency and technical competence should be invited in developing a sound marketing framework for agricultural products in Bihar.

For agro based products, a single or homogeneous product group should be identified for large scale marketing. A significant numbers of people need to be devoted for large scale marketing of diversified agro food items like various types of fruits etc.

For the successful marketing of non- agro products, while the quality needs to be enhanced substantially, the pricing has to be made competitive with the neighboring markets.

Taxation:

The manufacturing units unanimously urged for the abolition of entry tax in the state of Bihar and the immediate introduction of GST

For agri- firms, there should be a provision of some tax benefits so that the entrepreneurs can reinvest the saved amount of taxes in firm"s expansion.

The earlier system of annual issuance of C-form must be put in practice to overcome such cumbersome process of filing C-form on quarterly basis; also the reimbursement procedure

All types of raw materials of VAT should be made simple. used for Agarbatti production and Lakh Bangle production should be exempted from tax.

Credit Availability:

Initiatives like Urban Cooperative Bank Self and Help Groups (SHGs) need to be strengthened further to ensure wider financial inclusion and also to reduce the incidence of informal credit lending and high interest rates in Bihar.

The MSME units should be entitled to credit card in the similar line with Kisan Credit Card.

The powerloom sector needs to be included in the list of the beneficiaries eligible for credit linked subsidy scheme of PMEGP as powerloom sector has already been benefitted by the same scheme in neighbouring state of West Bengal.

The central scheme - interest subsidy of 3 per cent to enable weaver to access loan at a rate of 7-8 per cent interest for the next three years- should be implemented soon.

Raw Material:

The "Mill Gate Scheme" in the state should have provision to supply yarn to weavers directly at reasonable rate avoiding private retailers in between.

The spinning mills situated in the State which has left dysfunctional should be made operational.

There should be a provision of 20% subsidy on the raw material purchased by hand weaving units in Bihar.

Technology Upgradation:

In transforming the Incense stick cluster at Gaya into an organised set up, MSME DI should provide the Common Facility Centre where the dipping process could be executed to make finished and fragrant Agarbatti from raw sticks. This how the entire production chain could be ensured under one single production network within Gaya.

Introduction of advanced technology is an urgent need for Incense stick clusters as this would not only augment labour productivity immensely, but also help to achieve greater cost competitiveness of Indian incense sticks products in world export market.

The rice mills units of Bhagalpur area need to be equipped with sortex machines to execute the cleaning operations of rice grains. Govt. Schemes & Industry Interface

More entrepreneurs' awareness programmes need to be undertaken by the State government to disseminate information on various schemes and incentives offered by the state and Central government to MSMEs in Bihar.

Creation of an independent agency with different stakeholders like farmers, banks, purchasing agencies, project promotion agencies is highly recommended for successful implementation of various agro related schemes.

The credit-linked subsidy scheme (CLSS) should be replaced by provision of direct subsidies to the farmers as it is often reported that, nodal banks that are responsible for CLSS have generated an assured business out of this provision of credit linked subsidies.

The sick and closed units should be given the freedom to change the product they were already producing and introduce new products.

The exit policy of BIADA need to be rationalized and streamlined ensuring a smooth departure of entrepreneurs. Also, the "Set Up" cost of the unit has to be included in the exit policy.

Agri- led Industrial Development:

The state govt. should divide the entire Bihar into different agro-economic zones on the basis of area-wise potential of crops/fruits/vegetables in the state. In accordance with the priority sectors and local requirements in each zone, the state govt. need to formulate targeted crop based policy packages and incentives schemes to foster agro based industries in Bihar.

The fertile soil in upper land of northern Bihar has the potential to produce medicinal plants like Satawar, Buch, Artemisia Coleus, Mentha and Aromatic Tulsi in large quantity.

The state government should announce agro based products as a major thrust area for exports. Improved technological and infrastructural support should be provided to exportable and perishable agro-food products.

The increasing demands for honey amongst the drugs manufactures should attract special attention of state government in exploring processing varieties of this produce.

Bihar is also one of the leading states in Corn production. Export of corn to other States of India as well as to other countries should be given emphasis.

Rice processing units can be thought of in the area of Jagadishpur where the unique and high quality "Katarni" variety of rice is produced in larger quantum.

The area called Pirpaithi can be developed commercially to instigate the value addition process for gur produced in this area.

The northern Bihar produced 80 percent of total makhana available in the country. There is an immediate need for Geographical indicator (GI) registration under IPR acts for makhana.

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