

**Government of Bihar**  
**Department of Industries**

**Resolution**

**Subject:- Oxygen Production Promotion Policy, 2021**

**1. Background**

The ongoing Covid19 crisis particularly fuelled by new 2021 strain of the virus has put enormous pressure on the existing health infrastructure including medical logistics of the State. Large number of infected patients needs continuous oxygen support at Hospitals and at homes. Lack of sufficient oxygen production in the state has necessitated that the same be imported from other States. As the number of patients requiring oxygen support is increasing, the pressure on the supply of medical oxygen to Hospitals has significantly strained leading to significant delay in movement of oxygen from other states to Bihar.

As per the report of Empowered Group – II (EG-II) dated 18.04.2021, the total demand for Medical Oxygen across India had reached 60% of the total daily Oxygen production and was expected to increase further. Based on the recommendation of the EG-II, vide D. O. No. 17/S(HFW)/MO/2021 dated 18<sup>th</sup> April, 2021, Government of India has prohibited supply of Oxygen for industrial purposes by manufacturers and suppliers w.e.f. 22.04.2021. However, nine industries including Steel plants and Oxygen cylinder manufacturers were exempted from the said prohibition.

Diversion of industrial oxygen for medical purposes coupled with other efforts taken by Government of India and Government of Bihar has lessened the pressure on supply of oxygen to the Hospitals based in Bihar. However, there is need to ramp up production of oxygen in the State so as to meet its increasing demand.

This policy has been introduced with an aim to leverage the opportunities in Oxygen manufacturing and to make Bihar self-dependant in production of Oxygen.

**2. Objective**

This policy aims to achieve the following objectives for the overall growth and development of Oxygen manufacturing industries in the State:

- To substantially increase production of Oxygen in Bihar to support the ongoing efforts at containing the health crisis caused by Covid19
- To promote, facilitate and financially incentivize investment in medical and industrial oxygen manufacturing units in Bihar through creating an enabling environment and offering fiscal incentive
- To create substantial local capacities in Oxygen production in the State so as to lessen the dependence on import of Oxygen from other States
- To create local skilled manpower and employment opportunities in Oxygen manufacturing sector

### 3. Eligibility

The sectors and investment opportunities eligible for incentives under this Policy are as follows:

	Sectors	Investment Opportunities
(a)	Liquefied Medical Oxygen Generation	<ul style="list-style-type: none"><li>• Cryogenic Oxygen plant producing Liquefied medical oxygen</li></ul>
(b)	Medical Oxygen Generation	<ul style="list-style-type: none"><li>• Pressure swing adsorption (PSA)/ Vacuum pressure swing adsorption (VPSA) based Oxygen Generator Units, whether or not attached to a Hospital</li><li>• Air Separation Units</li></ul>
(c)	Storage Tank	<ul style="list-style-type: none"><li>• Construction of Oxygen storage tanks with oxygen pipeline by existing Specialty, Super-specialty or Multi-specialty Hospitals based in Bihar</li></ul>
(d)	Cylinders Manufacturing	<ul style="list-style-type: none"><li>• Manufacturing of BIS standards cylinders fit for storage and transport of Liquefied medical oxygen or gaseous medical oxygen.</li></ul>
(e)	Oxygen Concentrators and auxiliary devices	<ul style="list-style-type: none"><li>• Manufacturing of Oxygen Concentrators</li><li>• Manufacturing of BiPAP Machines</li></ul>
(f)	Oxygen Logistics Units	<ul style="list-style-type: none"><li>• Rental and/or Transport service of Cryogenic Oxygen Tankers fit for movement of Liquefied medical oxygen</li></ul>

#### Notes:

- (i) With the notification of this policy, the above units regardless of quantum of investment will be covered within High-priority sector under Bihar Industrial Investment Promotion Policy, 2016.
- (ii) Other eligibility conditions and incentives mentioned under Bihar Industrial Investment Promotion Policy, 2016 shall also be considered for eligibility under this policy.
- (iii) If the eligible oxygen producing units are also producing industrial oxygen, the same will not disentitle them from incentives under this Policy.
- (iv) In case of medical oxygen generation unit, the cost of cylinders to be used by the unit for storage and transport of oxygen will be considered as part of the Approved project cost.
- (v) In case of oxygen generation unit being set-up by an existing Hospital unit, the cost of Storage tank, oxygen pipeline, oxygen cylinders for captive use by the Hospital shall be included in the Approved project cost.
- (vi) In case an existing Specialty, Super-specialty or Multi-specialty Hospital constructs an Oxygen storage tank and oxygen pipeline for captive use of the Hospital, it will be considered new unit and all incentives as admissible for a new unit shall be accordingly considered.

- (vii) Only those Oxygen logistics units will be covered under the Policy which own at least four (4 nos.) Cryogenic oxygen tankers with each Tankers having minimum capacity of 15 MT of Liquefied medical oxygen.
- (viii) Any existing or new units, expanding its capacity, diversifying, or modernizing during the policy period will be given the benefits as applicable to new units on their incremental approved project cost. To avail the benefits, there must be a capacity expansion/modernization of at least 25% of the capacity of the existing unit as required by Clause 6.1.(xvii) of Bihar Industrial Investment Promotion Policy, 2016.

#### 4. Incentives to eligible units

The Policy recognizes the need for additional incentive to eligible Units to significantly increase the oxygen production in the state. Following principles shall be followed in administering incentives to units covered under this Policy.

##### 4.1. Guiding Principles

- 4.1.1. These provisions / principles shall be applicable to all eligible projects / units under this policy.
- 4.1.2. 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 shall come into force and will be applicable till 31st March 2025.
- 4.1.3. Incentive under this Policy shall be offered after commencement of commercial production by the Unit.
- 4.1.4. Incentive under this Policy to the eligible Units covered under the clause 3 will be in addition to the wide range of benefits eligible under the Bihar Industrial Investment Promotion Policy, 2016.
- 4.1.5. Cost incurred in setting-up Captive power plant by eligible units shall be included within the Approved project cost.
- 4.1.6. **Special Class Investors:** In case of Scheduled Castes (SC), Scheduled Tribes (ST), Extremely Backward Castes (EBC), Women, Differently-abled, War-widows, Acid attack victims and Third gender entrepreneurs, the maximum limit of incentive under this Policy shall be increased by additional 5%.



#### 4.2. Incentives under this policy

Eligible units as per Clause (3) of the Policy will be provided following Capital subsidy:

Type of Units	Capital subsidy	
	% of Cost of Plant and Machinery	Maximum capital subsidy admissible (in Rs. Crs)
3(a)- Cryogenic Oxygen plant producing Liquefied medical oxygen	30%	Rs. 25.00 Crs
3(b)- PSA/ VPSA based Oxygen Generator including Air separation units	30%	Rs. 5.00 Crs
3(c)- Storage Tanks by existing Hospitals	30%	Rs. 0.25 Cr
3(d)- Cylinders Manufacturing	30%	Rs. 75.00 Crs
3(e)- Oxygen Concentrators and auxiliary devices	30%	Rs. 75.00 Crs
3(f)- Oxygen Logistics Units	30%	Rs. 0.20 cr per Cryogenic Oxygen Tanker

^ In case of units falling under 3(a), 3(b) and 3(c) as above, the Cost of Plant and Machinery on which capital subsidy is to be calculated shall include the cost of cylinders purchased by such unit.

^^ In case of units falling under 3(f), the Capital subsidy shall be provided at 30% of the Cost of Cryogenic oxygen tanker or Rs. 0.20 cr per Tanker.

#### 4.3. Dovetailing with Central and State Government policies and schemes

- (a) Dovetailing with Central Government policies and schemes would be allowed under the Policy. Investors shall have to submit declaration of types and quantum of incentives availed/ to be availed by them under Central Government policies.
- (b) Dovetailing with Bihar Industrial Investment Promotion Policy, 2016 would be allowed under the policy. 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.

- (c) 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.

#### 4.4. Special incentive package for Special class entrepreneurs

In order to promote Scheduled Castes (SC), Scheduled Tribes (ST), Extremely Backward Castes (EBC), Women, Differently-abled, War-widows, Acid attack victims and Third gender entrepreneurs in the State, they shall be entitled for additional subsidy under the policy subject to the condition that entrepreneurs under these categories shall hold 100% stake in the Company/ Firm promoting the Unit.

#### 4.5. Submission of application under this Policy

For availing incentive under this Policy, the eligible units would be required to submit Stage-1 application latest by 31.09.2021. Every application for Stage-1 clearance submitted by an Entrepreneur for setting up eligible unit will be processed in immediate next SIPB meeting. Applications which are complete in all respects will be accorded Stage-1 clearance and the same will be communicated to the concerned Entrepreneur.

Eligible units which have availed Stage-1 clearance prior to the date of notification of this Policy will also be covered under this Policy provided they have not availed Financial Clearance.

#### 4.6. Incentives on first-come-first-serve basis

Incentive under this scheme shall be offered on first-come-first-serve basis. All units having applied for Stage-1 clearance latest by 31.09.2021 shall be eligible to avail incentive under this Policy provided they also submit application for Financial Clearance on or before 31.09.2022.

#### 4.7. Total financial assistance to eligible units

After the notification of this Policy, the eligible units as per Clause (3) above will be entitled to avail Incentives under the following policies of the Bihar Government-

1. Bihar Industrial Investment Promotion Policy, 2016
2. This Policy

Thus, they would be entitled to the following financial assistance:-

SN	Type of incentive	Incentives to eligible units	Policy
1.	Stamp duty and registration fees	100% Exemption of Stamp duty and registration fees	

2.	Land conversion fees	100% Exemption of Land conversion fees	Bihar Industrial Investment Promotion Policy, 2016
3.	Interest subvention incentive	Interest Subvention Incentive at 10% of Term loan for a period of seven years, upper limit being 50% of Project Cost, maximum Rs. 20 crs	
4.	Tax related incentives	Tax related incentives (100% SGST reimbursement and 100% Electricity Duty reimbursement) for a period of seven years, upper limit being 100% of Project Cost	
5.	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.	
6.	Skill development subsidy	Skill development subsidy of Rs 20,000 per employee/ Bihar Skill Development Mission (BSDM) rates whichever is lower. This incentive will be applicable for training of employees/ staffs who are domicile of Bihar	
7.	Capital subsidy	(a) <b>Cryogenic Oxygen plant producing Liquefied medical oxygen:</b> 30% of the cost of Plant and machinery or Rs. 25.00 crs, whichever is lower (b) <b>PSA/ VPSA based Oxygen Generator including Air separation units:</b> 30% of the cost of Plant and machinery or Rs. 5.00 crs, whichever is lower (c) <b>Storage Tanks by existing Hospitals:</b> 30% of the cost of Plant and machinery or Rs. 0.25 cr, whichever is lower (d) <b>Cylinders Manufacturing:</b> 30% of the cost of Plant and machinery or Rs. 75.00 crs, whichever is lower	

		<p>(e) <b>Oxygen Concentrators and auxiliary devices:</b>30% of the cost of Plant and machinery or Rs. 75.00 crs, whichever is lower</p> <p>(f) <b>Oxygen Logistics Units:</b>30% of the cost of Cryogenic Oxygen Tanker or Rs. 0.20 per Tanker, whichever is lower</p>	
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**Note:**

1. In case of Micro and Small units, following additional incentives are given- (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.
2. In case of Special Class Entrepreneurs referred to in Clause 4.1.6 of this Policy, following additional incentives are given- (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. (iii) The upper limit of capital subsidy is raised by additional 5% of the limit.
3. Interest subvention incentive and Tax related incentives shall be admissible to eligible units under this Policy for 7 years. Other than that, all incentives as applicable to a High-priority sector unit shall be applicable mutatis mutandis to units eligible under this Policy.
4. For terms and conditions related to incentives under Bihar Industrial Investment Promotion Policy, 2016, the policy document should be referred to. Subject to Note (4) above, in case of any inconsistency between the information presented in this Clause 4.7. and provisions of the said policy, the latter will apply and prevail.

**4.8. Timeline to be followed by Entrepreneurs and Department of Industries**

- **Stage-1 Clearance:** Entrepreneurs should submit application for Stage-1 clearance latest by 30<sup>th</sup> September, 2021 on Single Window Clearance portal (swc.bihar.gov.in) of Department of Industries. Department of Industries will issue Stage-1 clearance within next thirty (30) days to applications which are complete in all respects.
- **Land allotment by BIADA:** Entrepreneurs should submit application for land allotment on BIADA portal which will be disposed by BIADA within next thirty (30) days.
- **Financial Clearance:** Entrepreneurs should submit application for Financial Clearance latest by 30<sup>th</sup> September, 2022 on Single Window Clearance portal (swc.bihar.gov.in) of Department of Industries.



## 5. Policy implementation, monitoring and grievance redressal

### 5.1. Policy Implementation

- (i). Department of Industries, Government of Bihar shall be the nodal agency responsible for implementation of this policy in the State. Director of Industries shall be the nodal officer for this policy.
- (ii). Incentives under this policy shall be processed as per the provisions of Bihar Industrial Investment Promotion Act, 2016 and Bihar Industrial Investment Promotion Rules, 2016.
- (iii). Units applying for incentive under this policy shall apply on the Single Window Clearance (SWC) portal (<https://swc.bihar.gov.in>) of the Department of Industries, Government of Bihar.
- (iv). Government of Bihar will promote Oxygen manufacturing in the State including logistics for its smooth storage and transport. For this purpose, the State Investment Promotion Board (SIPB) constituted as per Section 4 of the Bihar Industrial Investment Promotion Act, 2016 shall be empowered to issue directions to concerned Departments/ Agencies of the State Government. All NOCs, permissions and clearances required by eligible units from various Departments/ Agencies of Bihar Government will be provided through Single Window Clearance (SWC) portal (<https://swc.bihar.gov.in>) of the Department of Industries, Government of Bihar.
- (v). Department of Industries shall extend hand-holding support to the Investors setting up Oxygen manufacturing units in land allotment from Bihar Industrial Area Development Authority (BIADA), land registration for private land, land use conversion and other applicable clearances/ licences/ NOCs.

### 5.2. Policy monitoring and grievance redressal

- (i). The implementation of the policy will be reviewed from time to time and necessary facilitation and course correction shall be undertaken as found necessary to achieve the objectives of this policy.
- (ii). Department of Industries will develop web-based interaction mechanism where suggestions and complaints can be directly addressed to the Department of Industries.

6. Department of Industries shall issue guidelines specifying minimum and/or maximum project cost for each of the categories of units eligible under this Policy. Unit cost of tankers and Cylinders of different capacities and any other Plant and Machinery items, if necessary, will be separately notified by the Department for calculation purposes.



7. 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 upon any violation of the condition of this policy, the amount of incentive 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. Words used in this Policy shall have the same meaning as assigned to them under Bihar Industrial Investment Promotion Policy, 2016 as the context may require. All matters of interpretation/disputes shall be decided by the Industrial Development Commissioner/ Principal Secretary, Department of Industries. Such interpretation/decision shall be final.
9. Industries mentioned in the negative list of Bihar Industrial Investment Promotion Policy, 2016 would not be eligible for any incentive under this policy.
10. 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.
11. This policy will come into effect from the date of issue of this notification and will remain in operation till 31st March 2025.

By the order of the Governor of Bihar

*B. Mehrotra*  
30/4/21

(Brijesh Mehrotra)

Additional Chief Secretary,

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Memo No- 1035 /Patna,

Dated- 30/04/2021

File No- 4 Tech/Oxygen Policy/70/2021

Copy to: The Superintendent, State Printing Press, Gulzarbagh, Patna to publish in the special edition of Bihar Gazette. It is requested to print 1000 copies of the published gazette and make it available to the Department.

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30/4/21

Additional Chief Secretary,

Department of Industries, Bihar, Patna.