

IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.7066 of 2023

M/S Jagran Prakashan Limited- A Company registered under Indian Companies Act, 1956 - having its registered Head Office at 2, Sarvodaya Nagar, Kanpur- Uttar Pradesh, Regional Head Office at C-6, Patliputra Industrial Area, Patliputra, Patna-800013, and Regional Office at Uma Shankar Prasad Marg, Near Pani Tanki Chowk, P.O.- Ramna, P.S.- Mithanpura, District- Muzaffarpur, PIN- 842002 through the Authorised Signatory, Shambhu Nath Pathak, posted as General Manager, Male, Age about-54 years, Resident of House No. 25, Hanuman Nagar, Behind Rajbanshi Nagar, New Punai Chak, P.O. Shastri Nagar, P.S.-Shastri Nagar, Patna, Bihar, PIN- 800023 ... Petitioner

Versus

1. The State of Bihar Through the Principal Secretary, Department of Industries, Government of Bihar, Bihar, Patna.
 2. The Director Industries, Department of Industries, Government of Bihar, Patna.
 3. The Director (Technical) Development, Department of Industries, Government of Bihar, Patna.
 4. The General Manager, District Industries Centre, Muzaffarpur
- ... Respondents

Appearance :

For the Petitioner : Mr.Sanjay Kumar, Adv.
For the Respondents : Mr.Vikash Kumar, SC XI

CORAM: HONOURABLE MR. JUSTICE A. ABHISHEK REDDY
ORAL ORDER

6 28-11-2023 Heard the learned counsel for the parties.

2. The present writ petition has been filed for the following reliefs :

a) For issuance of a writ in nature of Certiorari for quashing the Memo No. SIPB/946 dated 10.04.2023 issued by the Director Industries, Department of Industries, Government of Bihar, Patna whereby the claim of the petitioner for grant of Capital Subsidy under Bihar Industrial Incentive Policy-2011 has been rejected despite of the fact that the petitioner unit was having the approval from the State Investment Promotion Board (hereinafter referred to as SIPB) dated 20.08.2014.



b) For issuance of writ in the nature of Mandamus directing the respondent authorities to grant and reimburse the incentive of Capital Subsidy and subsidy on the Diesel Generating Set in terms of Clause 2 (v) & (vii) respectively of the Industrial Incentive Policy-2011 and in terms of the approval granted by the authorities contained in Memo No. 2437 dated 15.07.2011 to the Petitioner Company in terms of the order passed by the Hon'ble Division Bench of this Hon'ble Court in CWJC 12104 of 2018 and analogous cases (M/s Sunny Star Hotels Private Limited versus The State of Bihar & Others) reported in 2020 (2) BLJ 55.

c) For issuance of such other order/orders, direction/directions, writ/writs which the Petitioner may be entitled to.

3. Learned counsel for the petitioner has stated that the impugned order is passed by the authority concerned solely on the ground that the petitioner has started production even before the approval has been granted by the State Investment Promotion Board (SIPB).

4. Learned counsel has stated that under the Bihar Industrial Incentive Policy, 2011, the petitioner's entitlement for re-imburement of capital subsidy was denied on the ground that the petitioner has started commercial production even before the approval by SIPB and the authorities have rejected the case of the petitioner.

5. Learned counsel has stated that there is nothing under the regulation which states that the approval of the SIPB



is a condition precedent for starting the commercial production. That the stand taken by the authorities is not only arbitrary, bad, illegal but, also contrary to the scheme floated by the State of Bihar under the Bihar Industrial Incentive Policy, 2011. Learned counsel has therefore, prayed this Hon'ble Court to allow the present writ petition and a direction given to the authorities concerned for granting the incentives under the Bihar Industrial Incentives policy, 2011.

6. Per contra, the learned counsel appearing on behalf of the respondents has vehemently opposed the prayer of this writ petition and has stated that the petitioner has violated the terms and conditions of the policy.

7. Learned counsel has stated that the petitioner has not taken prior approval of the SIPB before starting the production. The act of the petitioner in starting the production even before the approval was granted is in violation of the incentive policy, and therefore, the petitioner is not entitled to any incentive as envisaged under the Incentive Policy, 2011. Further, it is stated under similar circumstances the authorities have rejected the case of *M/s Jagaran Prakash Limited, Gaya* after taking the opinion of the Law Department and, therefore, the petitioner's case which is also similar has also been rejected.



Learned counsel for the respondents has prayed to dismiss the present writ petition.

8. Admittedly, in the present case, the State of Bihar has floated Bihar Industrial Incentive Policy, 2011 to attract investments in the State. The petitioner, admittedly, has applied to the Competent Authority i.e. SIPB and was granted approval on 15.07.2011 and as per the said policy, the petitioner is entitled for re-reimbursement of capital subsidy. But, the case of the petitioner has been rejected on the sole ground that the petitioner has started production even before the grant of approval by SIPB. The said stand taken by the official respondents appears to be arbitrary and frivolous one. Admittedly, the authorities have invited investors/industrialists to invest in the State of Bihar by floating the Bihar Industrial Incentive Policy, 2011 and under the scheme some incentives have being offered to the Businessmen who have established their industries. The stand taken by the respondents that the petitioner has started production even before the grant of approval is without any legal basis. The policy does not lay any guidelines or restrictions on the industrialists that the production cannot be started before the approval by SIPB is granted. The policy does not state that any person who starts production



without getting the necessary approvals from SIPB is disentitled to the incentives under the scheme. As per the policy floated by the Government under the heading.

“Incentives to be provided to industrial units of the state to speed up industrial growth and investment in Bihar.

1. Pre-Production Incentives

Stamp duty and Registration Fees

(a) 100% exemption from the Stamp Duty/ Registration Fees being levied on Lease/ Sale/Transfer of Industrial Land/Shed as also there outside the jurisdiction of Industrial Area Development Authority for new Micro, Small, Medium (MSME) and Large sector industries.

This exemption from Stamp Duty and Registration Fees facility will be granted only for the first time and will not be applicable in subsequent stages of Lease/ Sale /Transfer. This incentive will be available to new units only.

(b) Such existing Industrial Units which have undertaken expansion or diversification thereby leading to an increase of 50% in their production capacity, will also be entitled for the above incentive, only on to the extent of additional land required for Expansion.

(c) If, for any reason, the above incentive is not



availed by the unit and the land is purchased, the above Stamp Duty and Registration Fees will be reimbursement by the department to such units at the post production stage.

2. The following incentives would be given to Industrial Units after commencement of Commercial Production under the New Industrial Incentive Policy.

(i) Post-Production Incentives

Under the present policy, incentives like Project Report Incentive, Incentives on land/shed, financial assistance for acquiring Technical Know-How, Capital Subsidy etc. will be available. The upper limit for such reimbursement will be Rs. 600 lacs (Six hundred lacs). This will be excluding the subsidy on Captive Power General/Diesel Generating set. The incentives

specified under Para 2 are as under:-

(ii).....

(iii).....

(iv).....

(v).....

(vi).....

(vii) Capital Subsidy

a. New MSME industrial units will be granted 20% capital subsidy on the amount spent on plant and machinery



subject to a maximum of Rs. 75 lacs (seventy five lacs).

b. New large industrial units will be granted 20% capital subsidy on the amount spent on plant and machinery subject to a maximum of Rs. 500 lacs (five hundred lacs).

c. Above Capital Subsidy will be available to such industries which will come into commercial production after the effective date of this policy and the capital subsidy will be available only on the capital investment made on Plant & Machinery by such industries. This facility will be available only after the commercial production of the industrial unit.

d. Since food processing sector units are already entitled for capital subsidy under food processing policy, therefore such units will not be entitled for above capital subsidy under this policy.”

9. As seen from the scheme there is no embargo for starting the production prior to the approval by SIPB. Admittedly in the present case, the approval was granted on 30.06.2015 and it is the case of the respondents that the commercial production has started on 08.08.2014, merely because the production has started before the approval by SIPB the incentive under the scheme cannot be disallowed. Moreover, the resolution dated 15.07.2011 (Annexure P/4) Clause 2 reveals



that the inspection of the unit will be done by the authorities for extending the benefits of the scheme, which makes it abundantly clear that the unit has to be in production at the time of inspection.

10. Having regard to the above made submissions, this Court does not find any valid reasons for upholding the impugned order passed by the authorities and the same is set aside. The authorities are directed to grant the capital subsidy as envisaged under the Bihar Industrial Incentive Policy, 2011 and make necessary payments to the petitioner as per the entitlement within a period of three months from the date of receipt of the copy of this order.

11. With the aforesaid directions, this Writ Petition is **allowed** to the extent indicated.

(A. Abhishek Reddy , J)

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