



सत्यमेव जयते

Department of Micro, Small and
Medium Enterprises & Textiles
Government of West Bengal

MSME Policy 2013–2018

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1. Preamble

West Bengal has the potential to become the leading state in coming future in terms of MSME productivity within India. This is not only because of huge number of MSME units but also the diversified approach from production to services. The varied segments are food processing, agro industries, leather, gems and jewellery, mineral-based, iron and steel, handicrafts, manufacturing industries and service sector. One of the largest employments can be created in this segment within next five years. The facilitative interventions will be in the areas of creating an enabling eco-system, skill development, technology intervention, and marketing.

2. Vision

To create a sustainable ecosystem in the MSME sector which can maximize the utilization of resource and widen the area of operation to make the state emerge as the MSME leader in the country in the next ten years.

3. Mission

The MSME Policy of Government of West Bengal aims to increase the ancillarization and vendor linkage of MSME from the present about 2% to 10% over the next five years with government facilitating the process supported by a public procurement policy. This may lead to increase the volume of the market of the MSME products by at least 25%. Supported by an enabling business environment and a synergistic approach facilitated by the government this will create scale up operation for the MSMEs in the state. Incentives for energy efficient and cutting edge technology coupled with thrust on skill development as provided by this Policy will accelerate the process making MSMEs of the state attain the desired standards of quality and cost. Cluster development and regional innovation approach will be the thrust areas supported by additional flow of funds and other fiscal interventions. MSME sector would be able to create additional employment for about 10 million in next ten years in the state.

4. Enabling Business Environment

The state government shall

1. Provide a better and more conducive business environment for MSME sector.
2. Keep simplifying the business regulatory environment in the state.
3. Develop web-enabled common application gateway.
4. Progressively make clearances by the state authorities web-enabled.
5. Introduce timelines defined in respect of all clearances.
6. Enhance the quality of human resource through training and skill development packages.
7. Promote pooling of common services and functions (common facility centre) under cluster approach for the benefit of smaller players.
8. Strengthen participation of and support to SHGs and cooperatives in the production and marketing in micro enterprise sector with special focus on handicrafts and village industries.
9. Encourage joint ventures with private sector in the entire value chain of the MSME sector.
10. Set up Technology Facilitation Centre involving technological institutions and experts for technology upgradation and transfer support to MSMEs in the state.
11. Set up a State level inter-departmental Task Force on MSME.
12. Set up adequate number of industrial estates for providing basic infrastructure to MSMEs.
13. Facilitate setting up minimum 4 MSE clusters in each district of the state.
14. Create marketing infrastructure and support through setting up haats/parks and facilitation participation of state's MSME sector in fairs/expo/exhibitions.
15. Create institutional arrangement for design support to handicraft sector

5. Commencement and Duration

The West Bengal MSME Policy 2013-2018 shall come into effect on and from the

1 April 2013 in the whole of West Bengal and remain valid for the period ending on 31st March, 2018.

6. Fiscal Incentives and Concessions for MSME sector

6.1 Capital Investment Subsidy

Entrepreneurs setting up new units in Zone C & D will be entitled for subsidy on Capital Investment which is shown below:

Micro Enterprise

Zone C - 25%

Zone D - 40%

Small Enterprise

Zone C - 15%

Zone D - 30%

However all these concessions are subject to a ceiling of Rs 50 lakh for Small Enterprise.

An additional subsidy of 20% on admissible subsidy will be provided for all enterprises wholly owned by women, SC/ST and minority community entrepreneurs. These entrepreneurs will also be entitled for Capital Investment Subsidy for setting up Micro & Small Enterprise for A & B Zone (Micro Unit 15% & Small Unit 10%) [N.B. - This incentive would be in addition to what the units get from GoI under any other scheme].

6.2 Interest subsidy on term loan

The Government will provide an interest subsidy to a percentage of the annual liability on the term loan for implementation of the approved project depending on the location

of the units.

Micro & Small Enterprise

- Zones A & B - The interest subsidy will be 6 % for 5 years.
- Zones C & D - The interest subsidy will be 7.5 % for 5 years.

Medium Enterprise

- Zones B & C - The interest subsidy will be 25 % of total term loan interest subject to a ceiling of Rs 175 lakh / year for 5 years.
- Zone D - The interest subsidy will be 25 % of total term loan interest subject to a ceiling of **Rs 175 lakh / year for 7 years**

6.3 Electricity Duty

An eligible micro, small or medium unit for its approved project in various zones will be entitled to a waiver of electricity duty on the electricity consumed for the production / operation activity for a period from the date of commencement of production or operation.

Micro & Small Enterprise

- Zone A & B - 50% waiver of electricity on the electricity consumption for 5 years .
- Zone C & D - 75% waiver of electricity on the electricity consumption for 5 years.
- The units set up in any zone and wholly owned by women, SC/ST and minority community entrepreneurs will be eligible for 100% waiver for 5 years.

Medium Enterprise

- Zone B & C - 100% waiver of electricity on the electricity consumption for 5 years subject to maximum of Rs. 25.00 Lakh per year or Rs. 1.25 Crore for 5 years.

- Zone D – 100% waiver of electricity duty on the electricity consumption for 5 years and 75% waiver from the sixth year upto tenth year subject to maximum of Rs. 50.00 Lakh per year or Rs. 2.5 crore in 5 years.

6.4 Power Subsidy

Cost of power is a crucial factor for increasing cost competitiveness of industry. Therefore the Government has decided to provide a power subsidy as follows:

Micro, Small and Medium Enterprises

- Subsidy of **Rs. 1.00 / Kwh** for units in **Zone A & B for 5 years**
- Subsidy of **Rs. 1.50 / Kwh** for units in **Zone C & D for 5 years**

However the power subsidy is subject to a ceiling of **Rs 20 Lakh per annum for small enterprises and Rs 30 Lakh for medium enterprises.**

6.5 Refund of Value Added Tax (VAT)

An eligible micro, small and medium unit for its approved project will be entitled to a VAT refund as follows:

Micro, Small and Medium Enterprises

- **Zone B & C – 80%** VAT refund paid for 8 years or 75% of fixed Capital Investment whichever reached earlier
- **Zone D – 90%** VAT refund paid for 8 years or 75% of fixed Capital Investment whichever reached earlier.

6.6 Refund of Stamp duty and registration fee

An eligible micro, small and medium enterprise will be entitled to a refund of stamp duty and registration fee paid by it for the purpose of registration of documents within the State relating to the purchase of land and buildings for setting up of the approved

project at the following rates:

Micro and Small enterprises

- For Zone A – 25%
- For Zone B – 50%
- For Zone C – 75%
- For Zone D – 100%

Medium Enterprises

- For **Zones B, C & D** the medium enterprise will be entitled to a refund @ 75% of Stamp Duty.

6.7 Reimbursement of Entry tax

In order to ensure price competitive supply of raw materials to the State, the State government will provide the following to the Micro, Small and Medium enterprises:

- Reimbursement of Entry Tax on plant and machinery available after beginning of commercial production by the unit.
- Reimbursement of entry tax on procurement of raw materials for the initial 3 years will be provided.

6.8 Refund of CST

An eligible micro, small and medium enterprise for its approved project will be entitled to total refund of CST for **3 years** from the date of commencement of commercial production.

6.9 Workforce Welfare Assistance

An eligible Micro, Small and Medium enterprise for its approved project will be entitled to a reimbursement of **100% in 1st year & 75% in next remaining years** of

expenditure incurred by it towards Employees State Insurance (**ESI**) and Employees Provident Fund (**EPF**) . The reimbursement for Zones C and D will be as follows:

- Zone B - 5 yrs
- Zone C - 7 yrs
- Zone D - 9 yrs

6.10 Assistance for Cluster Development

The State Government will provide financial assistance to establish common infrastructure facilities in industrial clusters.

- Support **up to Rs. 5 crore** for common infrastructure such as road, power etc for each micro and small industrial cluster in **Zone B and C** will be provided by the State Government.
- And in **Zone D**, i.e. the backward areas ,this support will be upto Rs. 10 crore for common infrastructure such as road, power etc for each micro and small industrial cluster .

6.11 Special Incentives schemes

- An assistance up to **50% or Rs 2 Lakh maximum** will be provided to **micro and small enterprises** taking appropriate water conservation/ pollution control measures as per **water conservation and environment compliance** rules.
- **Incentive for energy efficiency** will be provided to Micro and Small enterprises adopting energy conservation measures. **50% reimbursement of the cost of energy audit** undertaken by a certified agency to be available after implementation of the recommendations and **25% reimbursement of the cost of installations for energy conservation** will be provided as per energy audit subject to a **ceiling of Rs 2 Lakh**.
- For Micro and Small enterprises, a further assistance of 50% of cost upto a maximum of Rs. 5 lakh will be provided for **Standard quality compliance** e.g.

obtaining certification/accreditation like ISO-9000, ISO-14000, ISO-18000, Social Accountability Standards etc

6.12 Subsidy for Intellectual property (GI / Patent registration)

- State Government will provide consultancy and facilitation services for identification and registration of Geographical Indicators (GI) of items.
- Reimbursement of **50% of expenditure** for obtaining patent registration subject to a **maximum of Rs. 5 lakh**.

6.13 Skilled HR Development

The Government is going to undertake measures in collaboration with the industry to provide 1 million skilled HR over a period of 5 years.

The State Government will promote and organize entrepreneurship development and skill development training programmes to cater to the emerging skill needs while simultaneously encourage and enable the unemployed younger generation to be self employed.

7. Conditions/Eligibility of the units for availing Incentives/Financial Assistance under this Policy

- Modern /Hi-tech plant & Machinery to be installed that conform to the standard productivity.
- Unit will have to strictly observe requisite pollution control compliances.
- Regular Energy Audit is to be conducted and standard energy efficiency to be ensured wherever applicable.
- Unit will have to follow/maintain labour laws.
- Unit will have to commit to remain in production for at least 5 years from the date of commercial production.

- A unit defaulting in payment of any government dues / FI dues will not be eligible for assistance under this policy.

8. Geographical dispersion: Classification of areas (List of industrial zones)

The districts of the state have been divided into 4 Zones for differential treatment under this Policy. Considering the needs of inclusive growth, the policy provides additional incentives for investment in backward regions of the state.

| Zone A | Zone B | Zone C | Zone D |
|---|--|--|---|
| <ul style="list-style-type: none"> • Kolkata Municipal Corporation area. • All municipal areas of North 24 Parganas. • All Municipal Areas of South 24 Parganas • All Municipal Areas of Howrah | <p>Districts of</p> <ul style="list-style-type: none"> • Hooghly • North 24 Parganas (excluding Municipal areas and Sunderban Areas) • South 24 Parganas (excluding Municipal areas and Sunderban Areas) • Howrah (excluding Municipal areas) • Siliguri Municipal Corporation • Municipal corporation/ Municipal areas of Paschim Medinipur, Purba Medinipur, Burdwan, Nadia | <p>Districts of</p> <ul style="list-style-type: none"> • Burdwan (excluding Municipal Corporation/ Municipal Areas) • Purba Medinipur (excluding Municipal Corporation/ Municipal Areas) • Nadia(excluding Municipal Corporation/ Municipal Areas) • Malda • Jalpaiguri • Murshidabad • Darjeeling (excluding Siliguri Municipal Corporation) | <p>Districts of</p> <ul style="list-style-type: none"> • Birbhum • Purulia • Bankura • Paschim Medinipur (excluding Municipal Corporation/ Municipal Areas) • Uttar Dinajpur • Dakshin Dinajpur • Coochbehar • Sunderban Areas of South and North 24 Parganas districts. |



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