



सत्यमेव जयते

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

Textile Policy 2013–2018

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



Textile Policy 2013–2018

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



सत्यमेव जयते

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

Contents

1.	Preamble	6
2.	Vision	6
3.	Mission	6
4.	Enabling Business Environment	7
5.	Infrastructure support	7
6.	Commencement & Duration	8
7.	Fiscal Incentives and Concessions for Textile industry	8
7.1	Capital Investment Subsidy	8
7.2	Interest Subsidy	9
7.3	Electricity duty	10
7.4	Power Subsidy	10
7.5	Stamp duty and registration fee exemption	11
7.6	Freight Subsidy	11
7.7	Reimbursement of Value Added Tax (VAT)	11
7.8	Entry tax concessions	12
7.9	Reimbursement of CST	12
7.10	Workforce Welfare Assistance	12
7.11	Assistance for Water conservation and Environmental compliance	13
7.12	Assistance for Cluster development	13
7.13	Incentive for energy efficiency	13
7.14	Assistance for Common Effluent Treatment Plants (CETP)	13
7.15	Assistance for Standard Quality compliance and Market development & Branding& Design	14
8.	Non-fiscal Policy Measures	14
8.1	Cluster Development Schemes	14
8.2	Skilled HR Development	15
9.	Special Initiatives	15
9.1	Boost to the Handloom sector	15
9.2	Boost to the Powerloom sector	16
9.3	Hosiery, Apparel and Garment segments	16
9.4	Technical Textiles	16
10.	Conditions/eligibility of the units for availing incentives /financial assistance under this policy	17
11.	Geographical Dispersion: Classification of areas (List of Zones)	17

1. Preamble

West Bengal has a long history and tradition in textiles. The sector still provides employment, both directly and indirectly to a large number of people in the State. The State has the potential to revive its textiles industry and be a major part of global value chain in this sector. Traditionally, Handlooms, Power looms, Hosiery, Jute and Silk are the major segments of West Bengal's textiles industry. Though late, but readymade garment segment has also gained some base in the State. It is estimated that more than 1.5 million people are employed by textiles industry in West Bengal. This is just the direct employment and there would be another half a million people dependent on this sector indirectly.

2. Vision

To establish West Bengal as a leading producer of globally competitive value added textiles and apparel products, for both domestic and international markets in the overall textile value chain from fibre to finished product, by developing and sustainably growing a modern and innovation-driven textile and garment industry with a special focus on balanced growth across all the regions of the State.

3. Mission

The Textile Policy of Government of West Bengal aims at doubling the share of West Bengal's textiles industry from the current 5.2% to at least 10% in next ten years i.e. by 2022-23 in India's textiles industry. This would mean doubling the growth of the sector in the State from the current levels. Assuming the proportion of output to labour employment remains same in the State in textiles sector, then by 2023-24 i.e. in next ten years if the State is able to increase its industry size as targeted above, then it would provide employment to at least 10 million people. Out of this at least 75% would be in the unskilled and semi-skilled level if one goes by national yardstick.

4. Enabling Business Environment

The state government shall continuously work towards:

1. Providing a better and more conducive business environment for textile sector with special focus on spinning mills, yarn procurement, handloom, powerloom, hosiery and garment sector.
2. Simplifying the business regulatory environment in the state.
3. Developing web-enabled common application gateway.
4. Progressively making clearances by the state authorities web-enabled.
5. Introducing timelines defined in respect of all clearances.
6. Enhancing the quality of human resource through training and skill development packages.
7. Promoting pooling of common services and functions (common facility centre) under cluster approach for the benefit of smaller players.
8. Strengthening participation of and support to SHGs and cooperatives in the production and marketing in textile sector.
9. Setting up industrial estates / textile parks for providing basic infrastructure to textile industries.
10. Encouraging joint ventures with private sector in the entire value chain of the textile industry.
11. Creating marketing infrastructure and support through setting up haats/parks and facilitating participation of state's textile sector in fairs/expo/exhibitions.
12. Facilitating design support to handloom sector with special focus on SHGs and cooperatives.

5. To meet the above goals, the state government will be setting up the following infrastructure support

1. West Bengal State Spinning Mills Federation (SPINFED). It will work as the channelizing agency for procurement of yarn and shall maintain liaison with the National Handloom Development Corporation Ltd. in respect of 10% Hank Yarn

Price Subsidy Scheme of Gol for handloom weavers of the state. It will also be responsible for effective supervision, monitoring and operationalization of revival/ restructuring package of the existing Spinning Mills in the state.

2. West Bengal Silk Development Corporation Ltd. (RESHAMSHREE) by restructuring the Paschim Banga Resham Silpi Samabay Mahasangh to look after the entire affairs pertaining to silk yarn supply, production and marketing of silk fabrics of the state with a brand name of Reshamshree.
3. State Design Facilitation Centre (SDFC) for Handloom sector in partnership with private sector.
4. Textile parks with CETP and common infrastructure like roads, power, water supply etc.
5. A mega Power loom Park with common facilities centre (CFC) to be set up by the State Govt. on PPP model. Adequate pre and post machinery will be installed for Power loom weavers of the State apart from minimum 200 hi-tech power looms.

6. Commencement and Duration

The West Bengal Textile Policy-2013-2018 shall come into effect on and from the 1 September 2013 in the whole of West Bengal and remain valid for the period ending on 31st March, 2018.

7. Fiscal incentives and Concessions for Textile industry

7.1 Capital Investment Subsidy

Entrepreneurs setting up units in Zones A, B, C and D will get subsidy on capital investment which is shown below:

Micro Enterprise

- Zone A – 15%
- Zone B – 20%
- Zone C – 30%
- Zone D – 40%

Small Enterprise

- Zone A – 10%
- Zone B – 15%
- Zone C – 25%
- 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 to all enterprises wholly owned by women, SC/ST and minority community entrepreneurs.

[N.B: This incentive would be in addition to what the unit gets under any scheme of Government Of India]

The following table represents zone-wise Capital Investment subsidy				
Enterprise	ZONE A	ZONE B	ZONE C	ZONE D
Micro	15%	20%	30%	40%
Small	10%	15%	25%	30%

7.2 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

7.3 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 and Small Enterprises

- **Zone A & B** - 100% waiver of electricity on the electricity consumption for 4 years.
- **Zone C & D** - 100% waiver of electricity on the electricity consumption for 6 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.

7.4 Power subsidy

Competitive cost of power and uninterrupted supply of power is critical for textile industry. 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 Enterprises

- **Subsidy of Rs. 1.00 / Kwh will be provided for Zone A for 5 years**
- **Subsidy of Rs. 1.50 / Kwh will be provided for Zone B, C & D for 5 years** to encourage investments in Textile sector for units which purchase electricity from the various electricity boards/ agencies.

However it is to be noted that these concessions are subject to a ceiling of Rs 30 Lakh

per annum for small enterprises and Rs 40 Lakh for medium enterprises and Rs 100 Lakh for spinning mills.

7.5 Stamp duty and registration fee exemption

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

Micro and Small enterprises

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

Medium Enterprises

- Zones B, C & D will be entitled to a refund @ 75% of Stamp Duty

7.6 Freight Subsidy

A freight subsidy of 50% will be provided to units located in Zone D districts for supplies meant for export from the state..

7.7 Reimbursement of Value Added Tax (VAT)

An eligible micro, small or medium unit for its approved project will be entitled to a reimbursement as follows:

Micro, Small & 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.

7.8 Entry tax concessions

Micro, Small & Medium Enterprises

The State is a net importer of many raw materials and intermediate products for textile value chain. In order to ensure price competitive supply of such products to the State, the State government will provide the following:

- **Reimbursement of Entry tax** on Plant, Machinery available after beginning of commercial production by the unit.
- **Reimbursement of Entry tax** on procurement of raw materials for the initial 3 years.

7.9 Reimbursement of C S T

Micro, Small & Medium Enterprises:

Total refund for 3 years from the date of commencement of commercial production.

7.10 Workforce Welfare Assistance

Micro and Small Enterprises

Reimbursement of 100% in 1st year & 75% in next remaining years expenditure incurred towards Employees State Insurance (ESI) and Employees Provident Fund (EPF) as follows:

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

Medium Enterprises

Zone B – 80% of contribution made towards ESI and EPF for the employees for 5 years

Zone C – 80% of contribution made towards ESI and EPF for the employees for 7 years

Zone D – 100% of contribution made towards ESI and EPF for the employees for 10 years.

7.11 Assistance for Water conservation and Environmental compliance

The Government shall provide assistance to the tune of 50% on capital investment or maximum Rs 2 lakh for Water conservation / Environmental compliance i.e. pollution control measures.

7.12 Assistance for Cluster Development

- For each Textile Cluster/ Park located in Zone B and C, the State government will provide a support of Rs 10 crore for common infrastructure such as roads, power etc. This will be in addition to the support provided by Government of India under various schemes.
- For each Textile Cluster/ Park located in Zone D, the State government will provide support of Rs 15 crore for common infrastructure such as roads, etc. This will be in addition to the support provided by Government of India under various schemes.

7.13 Incentive for Energy Efficiency

The Government will provide incentive for energy efficiency to industries taking energy conservation measures

- 50% re-imbursement 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

7.14 Assistance for Common Effluent Treatment Plants (CETP)

Micro and Small Enterprises

For setting up CETP in new or existing textile parks in the state, the Government will provide **assistance to the tune of 50% of the project cost subject to a ceiling Rs 5 crore**. However, the operating cost of running the CETP shall be borne by units.

7.15 Assistance for Standard Quality Compliance, Market Development, Branding and Design

Micro and small enterprise

- In order to ensure that textile industry in the State meets minimum expectations of global buyers in terms of quality standards and value addition, the funding support will be provided to an individual unit to the extent of 50% of the cost subject to a ceiling of Rs 5 lakh for obtaining certification/accreditation under recognized and globally accepted international standards like ISO-9000, ISO-140000, ISO-18000, Social Accountability Standards, OEKO-TEX etc.
- To support market development, branding and design as part of Zone marketing scheme for the promotion of indigenous/ traditional handloom, jute and silk products, the Government will provide a reimbursement of 25% of the project cost subject to a ceiling of Rs 5 lakh.
 - * Reimbursement of 50% of expenditure for obtaining patent registration subject to a maximum of Rs. 5 lakh.
 - * State Government will provide consultancy and facilitation services for Identification and registration of Geographical Indicators (GI).

8. Non-fiscal Policy Measures

8.1 Cluster Development Schemes

- Clusters/ groups shall be set up in each potential district.
- The State would pursue a Cluster based strategy for textiles and garment industry. The State Government will provide additional support to the textile parks for external infrastructure like roads, ports, power, water supply etc and also for common amenities like testing labs, warehousing facility, dormitories etc.
- The State shall develop textile clusters and parks based upon the products and sectors with huge potential. These parks shall be developed in the following areas of textile sector:
 - * Hosiery

- * Power Loom
- * Apparel/Garment
- The State government shall promote private partnership in the development of common infrastructure and textile clusters/parks through PPP model.

8.2 Skilled H. R. Development

Undertake measures in collaboration with the industry to provide 1 million skilled HR over a period of 5 years.

9. Special initiatives

9.1 Skilled H. R. Development

Handloom segment in West Bengal provides direct employment to at least 7 lakh people with output of eco-friendly, low-energy and low-cost mass usage products with wide array of designs. The sector however, is facing distress due to forces of competition within and outside the State, limitations on technology, product diversification, marketing & branding and weak organizational network.

To promote this segment, the Government shall take following measures:

- Scheme for housing-cum-workshed, health insurance and other welfare schemes dovetailed with the schemes of Gol will be put on fast track.
- All weavers will be covered within a period of one year under health scheme and Mahatma Gandhi Bunkar Bima Yojana(MGBBY) within two years of commencement of this Policy with Gol and State Government funding.
- Power consumption in a weaver's household will be treated as domestic consumption.
- Government will set up minimum 10 Handloom clusters/ groups in each potential district in the State to provide common infrastructure and access to superior training, process and design technology, institutional finance and marketing support.
- Additional fiscal support for the Handloom segment:
 - * 6% interest rebate on working capital loan taken by PWCS and Handloom

Cluster / Groups.

- * To promote marketing of Handloom goods, the Government will provide additional Marketing Incentive of 5% over and above the existing 10% Marketing Incentive (contributed equally by Government of India and State Government), subject to ceiling of Rs 5 lakh per PWCS
- * 10% subsidy will be provided on the sale value of handloom fabrics exported to a country outside India.

9.2 Boost to the Power loom sector

- Mega Power loom Park with common facilities centre (CFC) to be set up by the State Govt. Adequate preparatory machineries will be installed for the Power loom weavers of the State apart from minimum 200 hi-tech power looms.
- Additional fiscal support for the Power loom segment:
 - * 10% additional subsidy over and above the capital subsidy available under this policy and in addition to any capital subsidy available from Gol.
 - * 20% of additional subsidy for all enterprises wholly owned by women, SC/ST and minority community entrepreneurs.
 - * Power subsidy of Rs 1.5 /Kwh in Zone A, Rs 2.00/Kwh for Zone B and Rs 2.5/Kwh for Zones C & D

9.3 Hosiery and Apparel and Garment segment

- Hosiery and Apparel / Garment Park will be set up by the State Government on PPP model.
- 10% additional subsidy on capital investment will be provided for setting up of hosiery and apparel/garment over and above capital subsidy under this Policy.

9.4 Technical Textiles

Application of Technical textiles - Textile products manufactured for protective textiles, automotive & aerospace textiles, construction textiles, clothing textiles, geotextiles,

domestic textiles, industrial textiles, textiles used in transport, echotech, environment textile, packaging textiles, sports textiles, agro textiles etc.

- 10% additional subsidy will be provide for setting up of Technical Textiles over and above the capital subsidy available under this policy and in addition to any capital subsidy available from Gol (subject to a ceiling of Rs 5 lakh for small enterprises and Rs 10 lakh for medium enterprises)
- 20% additional subsidy on admissible subsidy for all enterprises wholly owned by women, SC/ST and minority community entrepreneurs.
- 5% marketing incentive will be provided to the manufacturers of technical textiles for its export sale.

10. 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.

11. Geographical Dispersion: Classification of areas (List of 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 	Districts of <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 	Districts of <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) 	Districts of <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.



सत्यमेव जयते

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