

### SCHEME-3

#### West Bengal Incentive Scheme 2013 for MSMEs in Textile Sector

##### Commencement and Duration

The West Bengal Incentive Scheme for MSMEs in Textile Sector is effective on and from the 1st September 2013 applicable in the whole of West Bengal and remains in force valid for the period ending on 31st March, 2018.

It shall generally be applicable to all MSMEs in the Textile Sector which have started production on or after 1<sup>st</sup> day of September, 2013 as a manufacturing enterprise. This scheme is also applicable for expansion project subject to condition that capacity should be increased at least by 25% of the existing installed capacity. Large scale Textile units comes under WBSSIS 2013.

Textile sector means manufacturing in textiles, apparel/garment, technical textile and enterprises engaged in Hosiery textile, handloom and power-loom sector.

As per the scheme, entire state of West Bengal is classified into four zones for ascertainment of type and quantum of subsidy available in different areas.

**Table showing district-wise classification of the zones**

Zones	Areas
Zone - A	Kolkata Municipal Corporation area, all Municipal areas of North 24 Parganas, all municipal areas of South 24 Parganas, all municipal areas of Howrah.
Zone - B	District of 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.
Zone - C	District of Burdwan (excluding Municipal Corporation/municipal areas), Purba Medinipur (excluding Municipal corporation/municipal areas), Nadia (excluding Municipal Corporation/municipal areas), Murshidabad, Malda, Jalpaiguri and Darjeeling (excluding Siliguri Municipal Corporation)
Zone - D	District of Birbhum, Purulia, Bankura, Paschim Medinipur (excluding Municipal corporation/municipal areas), Uttar Dinajpur, Dakshin Dinajpur, Cooch Behar and Sunderban areas of South and North 24 Parganas districts.

Different types of subsidy available under the Scheme are as under:-

1) State Capital Investment subsidy:

Type of Enterprise	Zone	Percentage / Max. Limit
Micro Enterprise	Zone A	15%
Micro Enterprise	Zone B	20%
Micro Enterprise	Zone C	30%
Micro Enterprise	Zone D	40%
Small Enterprise	Zone A	10% or Rs. 50 Lakhs
Small Enterprise	Zone B	15% or Rs. 50 Lakhs
Small Enterprise	Zone C	25% or Rs. 50 Lakhs
Small Enterprise	Zone D	30% or Rs. 50 Lakhs

- ✓ 20% additional subsidy on Capital Investment Subsidy for all enterprises wholly owned by Women, SC/ST and minority community entrepreneurs.
- ✓ 10% additional subsidy on Capital Investment Subsidy to Power loom, hosiery, apparel/garment, technical textile in Micro & Small sector.
- ✓ The additional subsidy for a Small Enterprise will be over and above the prescribed ceiling of Rs. 50 Lakhs.

*Note: There is no capital subsidy on medium enterprises.*

2) Interest Subsidy on Term Loan

**Micro & Small Enterprise**

- ✓ Zone A & B - Interest Subvention of 6% for 5 years on Term Loan only.
- ✓ Zone C & D - Interest Subvention of 7.5% for 5 years on Term Loan only.

**Medium Enterprise**

- ✓ Zone B & C - 25 % of Total term Loan Interest paid by the enterprise subject to a ceiling of Rs. 175.00 Lakhs per year for 5 years.
- ✓ Zone D - 25 % of Total term Loan Interest paid by the enterprise subject to a ceiling of Rs. 175.00 Lakhs per year for 7 years.

**Points**

- ✓ *Medium Scale units located at Zone-A are not entitled for interest subsidy*

- ✓ *Eligible units are required to pay interest on due date and no penal interest should be charged by the Bank/Financial Institution.*

### 3) Waiver of Electricity Duty

#### Micro & Small Enterprise

- ✓ 100% waiver for 4 years for Zone A & B, for 6 years for Zone C & D from the date of commencement of commercial production.

#### Medium Enterprise

- ✓ Zone B & C - 100% waiver of electricity duty on the electricity consumption for 5 years from CCP date subject to a 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 up to tenth year from CCP date subject to a maximum of Rs. 50.00 Lakh per year.

*Note:*

**Medium Scale units which comes under Zone-A are not entitled for waiver of Electricity Duty Benefits**

### 4) Power Subsidy

- ✓ Subsidy of Rs. 1.00 / Kwh for Zone -A and Subsidy of Rs. 1.50/ Kwh for units in Zone B, C & D. **(except Power loom)**
- ✓ **For Power loom**, Rs. 1.50/ Kwh in zone A, Rs. 2.00/Kwh in Zone B & Rs. 2.50 in Zone C & D.
- ✓ For 5 years; subject to a ceiling of Rs 30 Lakh for small enterprises, Rs 40 Lakh for medium enterprises and Rs. 100 Lakh for spinning mills.

### 5) Incentive for Energy Efficiency

#### Micro & Small Enterprise

- ✓ 50% re-imbusement of the cost of energy audit undertaken by a certified agency to be available after implementation of the recommendations.
- ✓ 25% reimbursement of the cost of installations for energy conservation as per energy audit subject to a ceiling of Rs 2 Lakh.

## Note

*There is no Incentive for Energy Efficiency for units which fall under Medium Scale.*

### 6) Subsidy on Stamp Duty & Registration Fee

**Micro & Small Enterprise-** 100% for districts in Zone D, 75% for Zone C, 50% for Zone B and 25% for Zone A

**Medium Enterprise- Refund** of Stamp duty @ 75% for unit comes under Zone B, C & D

## Note

*There is no Incentive on Stamp Duty and Registration fees for unit which falls under Medium Enterprise.*

### 7) Refund of Entry Tax (ET)

- ✓ Refund of Entry Tax on procurement of plant and machinery is available to a unit after the commencement of commercial production.
- ✓ Refund of Entry Tax on procurement of raw materials for the initial 3 years .

### 8) Refund of Value Added Tax (VAT) - Applicable for Micro, Small & Medium Enterprises-

- ✓ Zone B & C - 80% of VAT refund paid for 8 years from the date of commercial production or 75% of fixed Capital Investment whichever reaches earlier
- ✓ Zone D - 90% of VAT refund paid for 8 years from the date of commercial production or 75% of fixed Capital Investment whichever reaches earlier.

*Note: Any Unit located at Zone-A is not entitled for Refund of VAT*

### 9. Refund of Central Sales Tax (CST)

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

## Notes:

*VAT/ CST payment means actual payment made by the eligible unit after adjustment of input credit.*

### 1) Subsidy for Water Conservation / Environmental Compliance

Available to all eligible Micro, Small & Medium Enterprises

- ✓ Assistance up to 50% or maximum of Rs 2 Lakh for water conservation/ pollution control measures

### 11) Subsidy for Patent Registration

## **Micro & Small Enterprise**

- ✓ Reimbursement of 50% of expenses incurred to obtain Patent Registration for its products subject to a maximum of Rs. 5.00 Lakh

### **12) Freight Subsidy**

50% freight subsidy which is payable annually to units located in Zone D area only for export to a country outside India and is available to all eligible Micro, Small & Medium Enterprises .

### **13) Subsidy for Standard Quality Compliance etc**

Micro & Small Enterprise

- ✓ 50% of expense incurred subject to a ceiling of Rs. 5 Lakh for obtaining certification/ accreditation like ISO-9000, ISO-14000, ISO-18000, Social Accountability Standards, OEKO-TEX etc.
- ✓ Support for market development, branding and design applicable to a Zone marketing scheme for promotion of indigenous/traditional handloom, jute & silk products. Reimbursement of 25% of cost subject to a ceiling of Rs. 5 Lakh.

### **14) Special Incentive for Handloom Sector**

- ✓ 6% interest rebate/subsidy on Working Capital loan availed from any Commercial Bank/ Nationalized Bank/ Co-operative Bank/ State and Central Govt. Financial Institution/ RRB / Scheduled Bank approved by RBI by Primary Handloom Weavers' Co-operative Society / Handloom Cluster / Groups to ensure maximum capacity utilization of Handloom in the State. However, the Handloom Clusters / Groups, who are availing of interest subsidy from the Govt. of India under Credit Card Facility Scheme shall not be eligible for such rebate.
- ✓ Additional marketing incentive of 5% on net sales over and above the existing 10% marketing incentive (contributed equally by GoI and State Govt.) subject to ceiling of Rs. 5 Lakh for each eligible Primary Handloom Weavers' Co-operative Society/Handloom Cluster or Groups.
- ✓ An eligible Primary Handloom Weavers' Co-operative Society/Handloom Cluster/Groups will be entitled to get 10% subsidy on the sale value of Handloom Fabrics exported to a country outside India.

### **15) Special Incentive for Technical Textile Sector**

An eligible Micro, Small or Medium enterprise manufacturing Technical Textile products irrespective of its location will be entitled to get 5% marketing Incentive on the sale value of its manufacturing products exported to a country outside India and will be payable annually.

## 16) Work Force Welfare Assistance

### Micro & Small Enterprise

- ✓ Reimbursement of 100% in 1st year & 75% in the remaining years of expenditure incurred towards Employees State Insurance (ESI) and Employees Provident Fund (EPF), (if at least 50% of the employees are recruited from amongst the persons registered with Employment Bank of the State) is as follows: Zone B-5 yrs., Zone C-7 yrs. and Zone D-9 yrs.

### Medium Enterprise

- ✓ 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.

**A summary showing zone-wise subsidy/incentive applicable for all MSME in Textile sector is as under:-**

Sl No.	Types of Subsidy	Zone			
		A	B	C	D
1.	State Capital Investment Subsidy	Micro, Small	Micro, Small	Micro, Small	Micro, Small
2.	Interest Subsidy	Micro, Small	Micro, Small, Medium	Micro, Small, Medium	Micro, Small, Medium
3.	Waiver of Electricity Duty	Micro, Small	Micro, Small, Medium	Micro, Small, Medium	Micro, Small, Medium
4.	Stamp Duty and Registration Fees	Micro, Small	Micro, Small, Medium	Micro, Small, Medium	Micro, Small, Medium
5.	V A T	-	Micro, Small, Medium	Micro, Small, Medium	Micro, Small, Medium
6.	Power Subsidy/ CST/Refund of Entry Tax	Micro, Small, Medium	Micro, Small, Medium	Micro, Small, Medium	Micro, Small, Medium

