

# **MSME POLICY**

## **2013-2018**

**29 August, 2013**

**Department of Micro & Small Scale Enterprises and Textiles  
GOVT. OF WEST BENGAL**

## **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.

## **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.

## **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 atleast 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.

## **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 **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**.

**Commencement and Duration**

The West Bengal MSME Policy-2013-2018 will be in 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.

## **FISCAL INCENTIVES**

### **CAPITAL INVESTMENT SUBSIDY**

- For new Micro & Small Enterprise in Zone C & D
  - Micro enterprise in Zone C – 25%
  - Micro enterprise Zone D – 40%
  - Small enterprise in Zone C – 15%
  - Small enterprise in Zone D – 30%
  
- a) Subject to a ceiling of Rs 50 Lakh for Small Enterprise.
- b) 20% additional subsidy on admissible subsidy for all enterprises wholly owned by women, SC/ST and minority community entrepreneurs.
- c) These entrepreneurs will also get incentive for setting up of units in Zone A & B as follows :
  - Micro Unit – 15%
  - Small Unit – 10%
- d) This incentive would be in addition to what the units get from Gol under any other scheme.

### **INTEREST SUBSIDY ON TERM LOAN**

#### Micro & Small Enterprise

- Subvention of 6% for all units and 7.5 % for units set up in the C and D Zone districts for 5 years.

#### Medium Enterprise

- Zone B & C – 25% of total Term Loan Interest subject to ceiling of Rs. 175.00 Lakh per year for 5 years.
- Zone D – 25% of total Term Loan Interest subject to ceiling of Rs. 175.00 Lakh per year for 7 years.

### **ELECTRICITY DUTY**

#### Micro & Small Enterprise

- 50% waiver for 5 yrs for Zones A & B & 75% for Zones C & D.
- 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.

### **POWER SUBSIDY**

#### Micro & Small Enterprise

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

For 5 years; subject to a ceiling of Rs 20 Lakh per annum for small enterprises and Rs 30 Lakh for medium enterprises.

### **INCENTIVE FOR ENERGY EFFICIENCY**

Micro & Small Enterprise

- 50% re-imbusement of the cost of energy audit undertaken by an 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.

### **STAMP DUTY & REGISTRATION FEE**

Micro & Small Enterprise

- 100% for units in Zone D, 75% for Zone C, 50% for Zone B and 25% for Zone A.

Medium Enterprise

- B, C & D Zone refund @ 75% of Stamp Duty.

### **ENTRY TAX**

- Reimbursement of ET on plant and machinery available after beginning of commercial production by the unit.
- Reimbursement of ET on procurement of raw materials for the initial 3 years.

### **VAT**

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.

### **CST**

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

### **WATER CONSERVATION / ENVIRONMENT COMPLIANCE**

Micro & Small Enterprise

- Assistance upto 50% or Rs 2 Lakh maximum for water conservation/ pollution control measures.

### **CLUSTER DEVELOPMENT**

- Support upto Rs. 5 crore for common infrastructure such as road, power etc for each micro and small industrial cluster in Zone B and C.
- Support upto Rs. 10 crore for common infrastructure such as road, power etc for each micro and small industrial cluster in Zone D.

### **SKILLED HR**

- Undertake measures in collaboration with the industry to provide 10 million skilled HR over a period of 5 years.

### **STANDARD QUALITY COMPLIANCE**

Micro & Small Enterprise

- 50% of cost upto a maximum of Rs. 5 lakh for obtaining certification / accreditation like ISO-9000, ISO-14000, ISO-18000, Social Accountability Standards, OEKO-TEX etc.

#### **WORK FORCE WELFARE ASSISTANCE**

- Reimbursement of 100% in 1<sup>st</sup> 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.

#### **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.

#### **GRADED SLABS OF INCENTIVES**

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 :** 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.

#### **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.