

TEXTILE POLICY

2013-2018

29 August, 2013

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

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. Segment-wise facts and status of textiles industry (2009-10) in the State is as follows:

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.

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.

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.**

To meet the above goals the state government will be setting up:

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 GoI 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 machineries will be installed for the Power loom weavers of the State apart from minimum 200 hi-tech power looms.

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.

FISCAL INCENTIVES

CAPITAL INVESTMENT SUBSIDY

- **Micro enterprise**
 - in Zone A – 15%
 - in Zone B– 20%
 - in Zone C – 30%
 - in Zone D – 40%
 - **Small enterprise**
 - in Zone A – 10%
 - in Zone B– 15%
 - in Zone C – 25%
 - 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) This incentive would be in addition to what the unit gets under any scheme of Govt.

INTEREST SUBSIDY

Micro & Small Enterprise

- 6% for all units and 7.5 % to 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

100% waiver for 4 years for Zone A & B, for 6 years for Zone C & D

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 / Kwh for units in A Zone.
- Subsidy of Rs. 1.5 / Kwh for B, C and 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.

INCENTIVE FOR ENERGY EFFICIENCY

Micro & Small Enterprise

- 50% re-imburement 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 districts 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

COMMON EFFLUENT TREATMENT PLANT (CETP)

- Assistance to the tune of 50% of project cost subject to a ceiling of Rs. 5 crore for setting up CETP in new or in existing parks.

WATER CONSERVATION / ENVIRONMENT COMPLIANCE

Micro & Small Enterprise

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

STANDARD QUALITY COMPLIANCE

Micro & Small Enterprise

- 50% of cost 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 and silk products. Reimbursement of 25% of 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).

SKILLED HR

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

FREIGHT SUBSIDY

- 50% freight subsidy to units located in Zone D districts for supplies meant for export from the state.

CLUSTER DEVELOPMENT

- Support of Rs. 10 crore for common infrastructure such as road, power etc for each textile cluster / park in Zone B and C in addition to GoI support.
- Support of Rs. 15 crore for common infrastructure such as road, power etc for each textile cluster / park in Zone D in addition to GoI support.

RESEARCH AND DEVELOPMENT

State shall set up East India Textiles Research Association (EITRA) as the Centre of Excellence (CoE).

HANDLOOM

1. 6% interest rebate on working capital loan taken by PWCS and Handloom Clusters/Groups.
2. Scheme for housing-cum-workshed, health insurance and other welfare schemes dovetailed with the schemes of GoI shall be put on fast track.
3. All weavers shall 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 GOI and State Government funding.
4. Power consumption in a weaver's household shall be treated as domestic consumption.
5. State government shall provide additional Marketing Incentive of 5% over and above the existing 10% M.I. (contributed equally by GoI and State Government), subject to ceiling of Rs. 5 lakh per PWCS.
6. 10% subsidy shall be provided on the sale value of handloom fabrics exported to a country outside India.
7. Clusters/Groups shall be set up in each potential district.

ADDITIONAL INCENTIVE FOR POWERLOOM

Micro & Small Enterprise

1. 10% additional subsidy over and above the capital subsidy available under this Policy and in addition to any capital subsidy available from GoI.
2. 20% of additional subsidy on the admissible subsidy for all enterprises wholly owned by women, SC/ST and minority community entrepreneurs.
3. Power Subsidy –
Subsidy of Rs. 1.5 / unit (KWH) in 'A' zone, Rs. 2.00 / unit (KWH) for 'B' zone and Rs. 2.5 / unit (KWH) for 'C' and 'D' zone.

ADDITIONAL INCENTIVE FOR HOSIERY AND APPAREL /GARMENT

Micro & Small Enterprise

1. Hosiery and Apparel/Garment Parks shall be set up by the state government on PPP model.
2. 10% additional subsidy on capital investment shall be provided for setting up of hosiery and Apparel/Garment over and above capital subsidy under this Policy.

ADDITIONAL INCENTIVE FOR TECHNICAL TEXTILE

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.

1. 10% additional subsidy shall be provided 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 GOI (subject to ceiling of Rs. 5.00 Lakh for small enterprises and Rs. 10.00 Lakh for medium enterprises)
2. 20% additional subsidy on admissible subsidy for all enterprises wholly owned by women, SC/ST and minority community entrepreneurs
3. 5% marketing incentive will be provided to the manufacturers of technical textiles for its export sale.

WORK FORCE WELFARE ASSISTANCE

Micro & Small Enterprise

- 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 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.

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.