



INDUSTRIAL RESURGENCE IN BENGAL

A Roadmap for Investment
and Incentive Reform

A Research-based Recommendation Paper By
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29th May, 2026

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1. EXECUTIVE SUMMARY

1.1 Priority Areas of Support for Industry



1.2 Possible Incentives Framework Culled Out from Comparative Analysis of Incentives in 10 Indian States

INCENTIVE TYPE	INCENTIVE FOCUS / WHAT THE INCENTIVE COVERS	APPLICABLE SECTORS / BENEFICIARIES	INCENTIVE STRUCTURE	STRATEGIC BENEFIT
SGST Reimbursement	Refund/reimbursement of state GST paid during operations	Manufacturing, Electronics, Export-Oriented Units, Large Industries	50-100% reimbursement for 7-16 years linked to production, turnover, or investment amount	Improves long-term operational competitiveness
Interest Subsidy	Reduction in interest burden on industrial loans and borrowings	MSMEs, Manufacturing Units, Industrial Expansion	5% subsidy on term loans and industrial financing	Reduces borrowing cost and improves access to capital
Power & Electricity Incentives	Support on industrial power cost and renewable energy sourcing	Energy-Intensive Industries, Chemicals, Metals, Manufacturing	Electricity tariff subsidy, transmission/wheeling charge reduction, renewable power support	Lowers operating expenditure and promotes cleaner industrial growth
Employment-Linked Incentives	Incentives linked to workforce hiring and employment generation	Labour-Intensive Industries, MSMEs, Manufacturing	Payroll subsidy for MSME Employers, this can be done leveraging <u>PMVBRY (Pradhan Mantri Viksit Bharat Rozgar Yojana)</u> , PF/ESI reimbursement, skill-linked incentives	Encourages formal employment generation
Stamp Duty Exemption	Waiver/reduction of transaction charges on industrial land and financing	Manufacturing, Infrastructure Projects, Industrial Parks	50-100% exemption on land registration, loan documentation, and industrial transactions	Reduces transaction and project setup costs
Industrial Park Incentives	Infrastructure assistance for the development of industrial parks and clusters	Industrial Parks, Cluster Development, Manufacturing Zones	Provision of up to 25% infrastructure support in the form of reimbursement of Eligible Infrastructure Cost / after achievement of Project Milestones/Infrastructure Development	Industrial Parks, Cluster Development, and Manufacturing Zones with 25% infrastructure support for industrial park developers, enabling ready industrial

INCENTIVE TYPE	INCENTIVE FOCUS / WHAT THE INCENTIVE COVERS	APPLICABLE SECTORS / BENEFICIARIES	INCENTIVE STRUCTURE	STRATEGIC BENEFIT
			Support through State Agencies. Viability gap funding for the development of common industrial infrastructure	infrastructure and faster project implementation
Export & Logistics Incentives	Support for export, freight, and logistics competitiveness	Export-Oriented Industries, Logistics, Manufacturing	Freight subsidy, logistics incentives, export infrastructure support	Strengthens export competitiveness and supply-chain integration
Green Industry & R&D Incentives	Incentives for sustainable manufacturing, innovation, and technology adoption	Renewable Energy, Green Manufacturing, Advanced Industries	Green capital subsidy, R&D grants, renewable energy incentives	Encourages sustainability and future-industry investments
Time-Bound Approval & Functional Single Window Systems	Faster approvals through integrated and legally monitored clearances	All Industrial Projects and Investments	TS-iPASS is Telangana's legislated single-window industrial approval framework providing time-bound clearances. If not done within the time frame, all required government approvals are deemed approved legally.	Reduces project delays and improves investor confidence.
Performance-Linked Incentives	Additional incentives linked to the achievement of the scale of investment, exports, employment, or production targets	Mega Projects, Export-Oriented Industries	Additional incentives linked to exports, employment generation, local sourcing, and capacity utilisation may be provided on a case-by-case basis either as standalone incentives or through customisation	Aligns incentives with economic outcomes

INCENTIVE TYPE	INCENTIVE FOCUS / WHAT THE INCENTIVE COVERS	APPLICABLE SECTORS / BENEFICIARIES	INCENTIVE STRUCTURE	STRATEGIC BENEFIT
Choice-Based Incentive Model	Flexibility for industries to choose the most suitable incentive structure	Large Industries, Mega Projects	Choice between Investment Subsidy or SGST reimbursement	Improves investor flexibility
Renewable Energy & Wheeling Support	Reduction in renewable power transmission and wheeling charges	Green Manufacturing, Renewable Energy-intensive Sectors	Waiver/reduction in wheeling & transmission charges	Encourages cleaner industrial production
OPEX Subsidies	Support for recurring operational and utility-related industrial expenses	Exporters, Manufacturing Industries	Support for utilities, certification, freight and operational costs	Improves post-investment competitiveness
Leasehold & Land Conversion Relaxation <u>(Crucial for some mega industries in Bengal)</u>	Relaxation in land conversion, mortgage, assignment, and leasehold conditions	Industrial Projects, Long-term Leaseholders	Easier mortgage, assignment, and conversion permissions	Improves ease of operations
Plug-and-Play Industrial Infrastructure	Ready industrial infrastructure with utilities and common facilities	Manufacturing Clusters	Pre-approved industrial parks with roads, power, water and CETP	Reduces implementation timelines
Technology Upgradation Incentives	Incentives for modernization and the adoption of advanced technologies	MSMEs, Manufacturing	Incentives for machinery modernisation and technology adoption	Improves productivity and competitiveness
Semiconductor & Electronics Manufacturing Incentives <u>(For Semiconductor & Electronics Manufacturing Incentives- the State may leverage the PLI Scheme of the Central Government)</u>	Dedicated incentives for semiconductor, electronics system design, component manufacturing, ATMP/OSAT, display fabrication, and electronics ecosystem development	Semiconductors, Electronics Manufacturing, Data Centres, Advanced Manufacturing	Capital subsidy , SGST reimbursement, infrastructure support, R&D incentives, power subsidy, and dedicated electronics manufacturing parks	Positions states for high-value advanced manufacturing and global supply-chain integration

The following section provides the incentive structures and policy measures that Bengal may adopt for long-term impact

2. STRATEGIC FRAMEWORK FOR INDUSTRIAL COMPETITIVENESS & EASE OF DOING BUSINESS

West Bengal’s next-generation industrial incentive framework may be aligned with emerging national practices while leveraging the state’s strategic advantages in logistics, manufacturing, MSMEs, labour-intensive industries, and export connectivity. Across leading industrial states, incentive systems are increasingly being designed around investment scale, operational competitiveness, infrastructure readiness, faster approvals, and long-term ecosystem development.

A competitive framework for West Bengal may therefore focus on flexible incentive structures, lower cost of operations, industrial infrastructure expansion, employment generation, and support for sunrise sectors. The framework may also integrate facilitation measures relating to land access, leasehold flexibility, renewable energy adoption, and export-oriented industrialisation to improve ease of operations and long-term investor confidence.

STRATEGIC AREAS RELEVANT FOR WEST BENGAL		
STRATEGIC AREA	EMERGING NATIONAL PRACTICE	POTENTIAL DIRECTION
Flexible Incentive Framework	Choice-based SGST / CAPEX models	Scale and sector-linked incentive flexibility
Long-Term SGST Support	7–16 year reimbursement structures	Structured support for manufacturing and export-oriented industries
Lower Cost of Operations	Electricity duty exemption and wheeling charge rationalisation	Competitive industrial power ecosystem
Faster Approvals	TS-iPASS-style legislated approval systems	Time-bound and integrated clearance framework
Employment Incentives	Payroll and PF/ESI reimbursement	Incentives linked to Employment Bank registrations
Industrial Infrastructure	Plug-and-play industrial parks and cluster ecosystems	Expansion of SAIP and sector-specific industrial parks
Land & Leasehold Reforms	Land premium exemption and lease flexibility	Simplified land conversion and mortgage permissions
Logistics & Export Ecosystems	Freight subsidy and port-led industrialisation	Kolkata-Haldia export manufacturing corridor
Green Manufacturing	Renewable power and ESG-linked incentives	Cleaner industrial production systems
Future Industries	AI, Electronics, Data Centres and R&D ecosystems	Dedicated sunrise sector framework

States across India are increasingly offering integrated fiscal incentives equivalent to nearly 100–150% of eligible investment over a period of 10–15 years from the Commercial Operation Date through a combination of capital subsidy, SGST reimbursement, electricity incentives, industrial infrastructure support, operational subsidies, and employment-linked incentives.



The evolving industrial landscape also indicates that infrastructure quality, approval speed, and logistics integration are becoming as important as direct fiscal incentives. Several states have therefore moved toward plug-and-play industrial ecosystems supported by time-bound approval systems, industrial parks, logistics infrastructure, and sector-focused incentive frameworks.



URGENT NEED FOR STRENGTHENING THE STATE'S EoDB

Bureaucratic friction needs to be replaced by a "Zero-Touch" approval system. Our approval system should be a time-bound, functional single-window clearance mechanism that guarantees speed.

The State urgently needs a high-powered nodal agency with highly efficient and responsive officers who will be available to take phone calls, reply to e-mails, facilitate investors, address their queries, and provide all necessary interventions within a time frame.


Providing pre-cleared "plug-and-play" sites allows enterprises to move from "Groundbreaking" to "Production" in record time.



BCC&I has undertaken a research-based comparative study analysing the industrial incentive frameworks and Ease of Doing Business (EoDB) ecosystems across major industrial states, including Gujarat, Maharashtra, Tamil Nadu, Telangana, Karnataka, Andhra Pradesh, Uttar Pradesh, Odisha, Haryana, Assam, and Rajasthan. The following section would help the policy-makers to have an at-a-glance understanding about the offerings that other States are providing to the investors.

3. Comparative Assessment of Industrial Incentive and Ease of Doing Business Frameworks Across States

Comparative Incentive Framework Across States

INCENTIVE TYPE	INCENTIVE FOCUS / WHAT THE INCENTIVE COVERS	STATES FOLLOWING	APPLICABLE SECTORS / BENEFICIARIES	INCENTIVE STRUCTURE	STRATEGIC BENEFIT
 Capital Subsidy	Direct fiscal support for investment in plant, machinery, and fixed assets	Odisha, Telangana, Tripura, Uttar Pradesh	Manufacturing, MSMEs, Mega Projects, Sunrise Sectors	15-40% subsidy on Plant & Machinery / Fixed Capital Investment over 5-10 years	Reduces project entry cost and improves project viability

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 SGST Reimbursement	Refund/reimbursement of state GST paid during operations	Maharashtra, Odisha, Gujarat, Haryana, Uttar Pradesh	Manufacturing, Electronics, Export-Oriented Units, Large Industries	50-100% reimbursement for 7-16 years linked to production, turnover, or investment amount	Improves long-term operational competitiveness
 Interest Subsidy	Reduction in interest burden on industrial loans and borrowings	Maharashtra, Gujarat, Tripura, Telangana	MSMEs, Manufacturing Units, Industrial Expansion	4-7% subsidy on term loans and industrial financing	Reduces borrowing cost and improves access to capital
 Power & Electricity Incentives	Support on industrial power cost and renewable energy sourcing	Odisha, Telangana, Assam, Tripura	Energy-Intensive Industries, Chemicals, Metals, Manufacturing	Electricity duty exemption, tariff subsidy, transmission/wheeling charge reduction, renewable power support	Lowers operating expenditure and promotes cleaner industrial growth
 Employment-Linked Incentives	Incentives linked to workforce hiring and employment generation	Haryana, Odisha, Tamil Nadu, Uttar Pradesh	Labour-Intensive Industries, MSMEs, Manufacturing	Payroll subsidy, PF/ESI reimbursement, skill-linked incentives	Encourages formal employment generation
 Land Subsidy & Industrial Access Support	Lower-cost industrial land access and land facilitation support	Odisha, Gujarat, Andhra Pradesh	Mega Projects, Industrial Parks, Manufacturing Industries	Concessional land allotment, land premium exemption, industrial land banks	Accelerates industrial setup and reduces entry barriers
 Stamp Duty Exemption	Waiver/reduction of transaction charges on industrial land and financing	Odisha, Maharashtra, Gujarat, and Andhra Pradesh	Manufacturing, Infrastructure Projects, Industrial Parks	50-100% exemption on land registration, loan documentation and industrial transactions	Reduces transaction and project setup cost

INCENTIVE TYPE	INCENTIVE FOCUS / WHAT THE INCENTIVE COVERS	STATES FOLLOWING	APPLICABLE SECTORS / BENEFICIARIES	INCENTIVE STRUCTURE	STRATEGIC BENEFIT
 Industrial Park Incentives	Infrastructure assistance for the development of industrial parks and clusters	Gujarat, Andhra Pradesh, Jharkhand, Haryana	Industrial Parks, Cluster Development, Manufacturing Zones	50-80% infrastructure support for industrial park developers	Industrial Parks, Cluster Development, and Manufacturing Zones with 50–80% infrastructure support for industrial park developers, enabling ready industrial infrastructure and faster project implementation
 Export & Logistics Incentives	Support for export movement, freight and logistics competitiveness	Assam, Haryana, Gujarat, Tamil Nadu	Export-Oriented Industries, Logistics, Manufacturing	Freight subsidy, logistics incentives, export infrastructure support	Strengthens export competitiveness and supply-chain integration
 Green Industry & R&D Incentives	Incentives for sustainable manufacturing, innovation and technology adoption	Odisha, Karnataka, Maharashtra, Tamil Nadu	Renewable Energy, Green Manufacturing, Advanced Industries	Green capital subsidy, R&D grants, renewable energy incentives	Encourages sustainability and future-industry investments
 Sector-Specific Incentives	Dedicated incentive frameworks for priority and sunrise sectors	Maharashtra, Tamil Nadu, Telangana	Electronics, EV, Data Centres, Pharma, Textiles	Dedicated sector-focused policy incentives	Strengthens sectoral manufacturing ecosystems
 Time-Bound Approval & Single Window Systems	Faster approvals through integrated and legally monitored clearances	Telangana, Maharashtra, Gujarat, Odisha	All Industrial Projects and Investments	TS-iPASS (Telangana) type legislated approval timelines, deemed approvals, and integrated digital clearance systems	Reduces project delays and improves investor confidence

Additional Emerging Incentive Mechanisms Across States

INCENTIVE TYPE	INCENTIVE FOCUS / WHAT THE INCENTIVE COVERS	STATES FOLLOWING	APPLICABLE SECTORS / BENEFICIARIES	INCENTIVE STRUCTURE	STRATEGIC BENEFIT
Performance-Linked Incentives	Additional incentives linked to the achievement of investment, exports, employment or production targets	Uttar Pradesh, Haryana, Tamil Nadu	Mega Projects, Export-Oriented Industries	Additional incentives linked to exports, employment generation, local sourcing, and utilisation	Aligns incentives with economic outcomes
Choice-Based Incentive Model	Flexibility for industries to choose the most suitable incentive structure	Uttar Pradesh, Haryana	Large Industries, Mega Projects	Choice between Capital Subsidy or SGST reimbursement	Improves investor flexibility
Skill Development Support	Financial support for industry-oriented skilling and workforce training	Telangana, Tamil Nadu, Uttar Pradesh	Manufacturing, MSMEs, Industrial Clusters	Training subsidy and skill-linked support	Improves workforce readiness
Electricity Duty Exemption	Waiver of electricity duty applicable on industrial power consumption	Odisha, Haryana, Telangana	Manufacturing & Heavy Industry	Electricity duty exemption for 5–15 years	Improves operating competitiveness
Renewable Energy & Wheeling Support	Reduction in renewable power transmission and wheeling charges	Odisha, Gujarat, Tamil Nadu	Green Manufacturing, Renewable Energy-intensive Sectors	Waiver/reduction in wheeling & transmission charges	Encourages cleaner industrial production
Captive Power Incentives	Incentives for industries establishing captive power generation facilities	Jharkhand, Odisha	Metals, Chemicals, Heavy Industry	Reimbursement of electricity duty for captive power plants	Ensures energy security
OPEX Subsidies	Support for recurring operational and utility-related industrial expenses	Haryana, Assam, Telangana	Exporters, Manufacturing Industries	Support for utilities, certification, freight and operational costs	Improves post-investment competitiveness

INCENTIVE TYPE	INCENTIVE FOCUS / WHAT THE INCENTIVE COVERS	STATES FOLLOWING	APPLICABLE SECTORS / BENEFICIARIES	INCENTIVE STRUCTURE	STRATEGIC BENEFIT
Export Freight Subsidy	Reimbursement of freight and transportation cost for exports	Assam, Haryana	Export-Oriented Units	Freight reimbursement and logistics support	Improves export competitiveness
Leasehold & Land Conversion Relaxation	Relaxation in land conversion, mortgage, assignment, and leasehold conditions	Odisha, Andhra Pradesh	Industrial Projects, Long-term Leaseholders	Easier mortgage, assignment, and conversion permissions	Improves ease of operations
Plug-and-Play Industrial Infrastructure	Ready industrial infrastructure with utilities and common facilities	Gujarat, Telangana, Andhra Pradesh, Tamil Nadu	Manufacturing Clusters	Pre-approved industrial parks with roads, power, water and CETP	Reduces implementation timelines
Cluster Development Support	Support for common facilities and industrial cluster infrastructure	Gujarat, Tamil Nadu, Andhra Pradesh	MSMEs, Supplier Ecosystems	Cluster infrastructure and common facilities	Strengthens local manufacturing ecosystems
Technology Upgradation Incentives	Incentives for modernization and the adoption of advanced technologies	Gujarat, Andhra Pradesh, Odisha	MSMEs, Manufacturing	Incentives for machinery modernisation and technology adoption	Improves productivity and competitiveness
Certification & Quality Support	Financial assistance for industrial certification and quality compliance	Andhra Pradesh, Assam, Odisha	MSMEs, Export Units	ZED, certification, and quality reimbursement	Enhances export readiness
Startup & Deep-Tech Incentives	Support for startups, incubation and emerging technology ecosystems	Karnataka, Assam, Maharashtra	Startups, Emerging Technologies	Startup grants, incubation and innovation support	Strengthens innovation ecosystem

INCENTIVE TYPE	INCENTIVE FOCUS / WHAT THE INCENTIVE COVERS	STATES FOLLOWING	APPLICABLE SECTORS / BENEFICIARIES	INCENTIVE STRUCTURE	STRATEGIC BENEFIT
Semiconductor & Electronics Manufacturing Incentives	Dedicated incentives for semiconductor, electronics system design, component manufacturing, ATMP/OSAT, display fabrication and electronics ecosystem development	Odisha, Tamil Nadu, Gujarat, Karnataka, Telangana, Uttar Pradesh	Semiconductors , Electronics Manufacturing, Data Centres, Advanced Manufacturing	Capital subsidy, SGST reimbursement, infrastructure support, R&D incentives, power subsidy and dedicated electronics manufacturing parks	Positions states for high-value advanced manufacturing and global supply-chain integration
Women / SC-ST Entrepreneur Incentives	Additional incentives for women-led and socially inclusive enterprises	Telangana, Andhra Pradesh, Maharashtra	Women, SC/ST Entrepreneurs	Additional subsidy and dedicated support	Promotes inclusion-led industrialisation
Credit Guarantee & Financial Support	Credit access and financing support for industries and startups	Andhra Pradesh	MSMEs, Startups	State-backed credit guarantee and financing support	Improves access to credit
Sick Unit Revival Incentives	Support for the revival and restructuring of stressed industrial units	Andhra Pradesh	Distressed MSMEs	Interest subsidy, tax deferment and utility support	Encourages industrial revival
Legislated Right-to-Approval Systems	Legal guarantee for time-bound industrial approvals and clearances	Telangana	Large & Mega Investments	TS-iPASS deemed approval framework	Reduces project delays and approval risk
Institutional Facilitation Mechanisms	Dedicated systems for investor facilitation and project monitoring	Gujarat, Andhra Pradesh, Maharashtra	Investors, MSMEs	Dedicated facilitation agencies and investor tracking	Improves project execution
Industrial Land Bank Systems	Digitised land identification and industrial allotment systems	Odisha, Andhra Pradesh, Uttar Pradesh	Large Manufacturing Projects	GIS-based industrial land banks	Improves land availability certainty

INCENTIVE TYPE	INCENTIVE FOCUS / WHAT THE INCENTIVE COVERS	STATES FOLLOWING	APPLICABLE SECTORS / BENEFICIARIES	INCENTIVE STRUCTURE	STRATEGIC BENEFIT
Supply Chain & Vendor Ecosystem Support	Support for ancillary industries and vendor ecosystem development	Tamil Nadu, Haryana, Gujarat	Manufacturing & OEM Ecosystems	Ancillary development and vendor integration support	Strengthens industrial depth and localisation

4. CONCLUSION

The BCC&I team has prepared this recommendation report in consultation with its industry stakeholders. The main objective is to present its understanding of the crucial requirements for the resurgence of industry in Bengal before the newly elected Government. The Chamber would be honoured to have the opportunity to work with the new Government towards its endeavour for a Rejuvenated Bengal.

