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Tax Flash News



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West Bengal Investment Promotion Policy, 2026 unveiled: Aims to accelerate industrial growth and job creation

Executive summary

The West Bengal Investment Promotion Policy, 2026 ('the Policy') marks a significant shift in West Bengal's industrial promotion framework and seeks to position the state as a preferred investment destination for manufacturing, advanced technology sectors, services, and strategic projects. The Policy has been made effective from 9 May 2026 and is built around four key pillars: employment generation, targeted support to less-industrialised regions, enhanced incentives for future-ready sectors, and time-bound approvals and disbursement mechanisms.

A notable feature of the Policy is the introduction of an overall assistance ceiling of up to 100 per cent of Eligible Fixed Capital Investment ('FCI') for regular units, which may increase to 110 per cent for investments in thrust sectors or priority areas, and up to 120 per cent for thrust sector investments located in priority areas. Fiscal incentives are available for a period of up to 10 years for manufacturing units and five years for service sector entities.

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The Policy also seeks to provide greater certainty to investors through a dedicated incentive fund, fixed timelines for issuance of approvals, digital application processes and facilitation support for large projects. In addition to traditional fiscal support, the Policy introduces several non-fiscal measures relating to green energy procurement, infrastructure development, cluster support, revival of sick units and facilitation for large-scale projects.

This Flash News captures some of the key incentives provided under the Policy.

Eligibility criteria



The Policy extends benefits to the following categories of investors and enterprises:

Category	Coverage
MSMEs	Units holding valid Udyam Registration
Large Units	Manufacturing and other non-service units not classified as MSMEs
Strategic and Mega Projects	Projects satisfying at least two specified criteria relating to investment size, strategic sector and employment generation
Service Units	IT/ITeS, healthcare, tourism & hospitality, banking & financial services, engineering, professional services, education, skilling and other notified sectors
Expansion / Diversification Projects	Existing units undertaking qualifying incremental investments
Not-for-Profit Institutions	Hospitals, medical colleges, universities, and similar institutions meeting prescribed investment conditions
Revival Projects	Sick or closed units that are capable of revival

Priority areas



Enhanced incentives are available for investments in notified priority areas, identified based on industrial development and infrastructure indicators. Units located in these areas become eligible for higher incentive ceilings and enhanced employment-linked benefits.

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Thrust sectors

The Policy provides preferential treatment to investments in identified thrust sectors, including:

- Semiconductors and electronics
- Green hydrogen and waste-to-energy
- Emerging digital technologies
- Electric vehicles and batteries
- Defence manufacturing
- Food and marine processing
- Textiles
- Biotechnology, pharmaceuticals and medical devices
- Critical minerals processing
- Automobile manufacturing
- Research & development
- Specialty steel
- Petrochemicals
- Aviation
- Ship-building and maritime training

Fiscal incentives

A. Manufacturing and other non-service units

The Policy provides a common assistance ceiling linked to eligible FCI. Assistance can be availed through one or multiple incentive heads.

Incentive	Benefit available
SGST-linked Assistance	Up to 100 per cent of Net SGST paid
Electricity Duty Reimbursement	100 per cent reimbursement for up to 5 years
Interest Subvention (MSMEs)	Up to 50 per cent of interest paid on term loans for 5 years, capped at INR 4 Crore or 5 per cent of the loan, whichever is lower
EPF Reimbursement for MSMEs	50 per cent for male employees and 100 per cent for women/transgender employees for up to 10 years (up to INR 5 Crore a year)
EPF Reimbursement for Large and Strategic and Mega Projects	Up to 50 per cent of employer contribution for 5 years (must employ at least 200 people in Priority Area or 400 elsewhere). Up to INR 10 Crore a year.

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Incentive	Benefit available
Stamp Duty & Registration Fee Reimbursement	100 per cent on first qualifying transaction
R&D Assistance	Up to 50 per cent of eligible expenditure (up to 75 per cent for export-oriented units), up to INR 5 Cr to be paid in 10 instalments against milestones
Technology Upgradation Assistance	Up to 50 per cent of eligible expenditure on automation, robotics, AI-based quality control, IoT and similar technologies

Assistance ceiling

Category	Maximum assistance
Regular Unit	100 per cent of Eligible FCI
Thrust Sector Unit	110 per cent of Eligible FCI
Unit in Priority Area	110 per cent of Eligible FCI
Thrust Sector Unit in Priority Area	120 per cent of Eligible FCI

Assistance may generally be availed over a period of up to 10 years from commencement of production.

B. Service sector units

Separate incentives are available to eligible service sector entities for a period of five years.

Incentive	Benefit available
SGST-linked Assistance	Up to 100 per cent of Net SGST paid in cash up to INR 10 Crore a year
EPF Reimbursement	50 per cent of employer contribution (75 per cent for women employees) if keep more than 200 eligible employees. Up to INR 10 Crore a year
Electricity Duty Reimbursement	For 3 years or 5 years in a priority area
Lease Rental Subsidy	Lower of INR 20– INR 25 per sq. ft. per month or 50 per cent of rent paid
Overall Incentive Ceiling	Up to 100 per cent of Eligible Capital Investment, increasing to 110 per cent for units in thrust sectors

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C. Revival of sick and closed units

Special assistance may include:

- Net metering benefits.
- Special power subsidy support.
- Exemption from land ceiling restrictions.
- Dedicated revival support mechanisms.

D. Support for not-for-profit institutions

Eligible institutions such as hospitals and universities may receive:

- Stamp duty exemptions linked to social inclusion commitments.
- Waiver of land-use conversion fees.
- Net metering benefits.

E. Strategic and Mega Projects

Projects qualifying as Strategic and Mega Projects may receive:

- All standard incentives available under the Policy.
- Higher overall and annual assistance ceilings.
- Tailor-made incentive packages approved by the Empowered Committee.
- Infrastructure support and project-specific facilitation arrangements.

A project may qualify as Strategic and Mega Projects if it satisfies two out of three criteria relating to:

- Investment scale;
- Strategic sector alignment; and
- Employment intensity.

Other key benefits

The Policy introduces several investment facilitation and ecosystem-development measures. Key highlights include:

Green Energy support

- Waiver/reduction of cross-subsidy surcharge and additional surcharge for eligible green power procurement arrangements.
- Benefits available until 31 March 2030 under prescribed conditions.

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Infrastructure assistance

For projects involving eligible FCI exceeding ₹1,000 crore:

- Support for internal infrastructure such as drainage, water, effluent treatment systems and testing facilities.
- Assistance for external infrastructure including roads, power, water and drainage connectivity.

Land availability and cluster development

- GIS-enabled inventory of industrial land.
- Transparent allotment mechanism through online applications.
- Support for common facilities in recognised industrial clusters.
- Preference for brownfield and industrial corridor developments.

Facilitation for large investments

Dedicated project facilitation support based on investment size:

Project Investment	Designated facilitator
Above ₹100 crore	Dedicated Business Manager
Above ₹500 crore	Senior Officer
Above ₹1,000 crore	Special Secretary-level Officer
Above ₹2,500 crore	Secretary-level Officer

Time-bound governance framework

The State has committed to the following timelines:

Activity	Timeline
Certificate of Intent	30 days
Certificate of Eligibility	45 days
Claim sanction	30 days

Applications, approvals and incentive disbursements are proposed to be processed through a digital Single Window system.

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Our comments

The West Bengal Investment Promotion Policy, 2026 seeks to strengthen West Bengal's position as an attractive investment destination by promoting industrial growth, employment generation and adoption of emerging technologies.

The Policy offers a combination of fiscal and non-fiscal incentives, with enhanced benefits for investments in identified thrust sectors and priority areas. The focus on SGST support, employment-linked assistance, infrastructure development and green energy is expected to improve overall project viability.

While the Policy lays down the broad incentive framework, further operational guidelines and implementation procedures are expected to provide clarity on the manner of claiming and availing benefits under the Policy.



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