MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

NOTIFICATION

New Delhi, the 1st April , 2020

Subject: Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme

1. **Background and Objective:**

No. 36(7)/2018-IPHW (Vol.II).—1.1 Manufacturing base of electronics products in the country is grossly inadequate in comparison to demand of such goods. Even in cases where products are manufactured in India, the extent of domestic value addition is low. One of the critical constraints in the way of attracting investments for manufacturing is lack of availability of reliable and quality infrastructure for growth of industries and its dispersal across the regions. With a view to promote industrialization and growth of electronics manufacturing in the country; the Government notified Electronic Manufacturing Clusters (EMC) Scheme in October, 2012 to provide support for creation of world-class infrastructure for attracting investments in Electronics Systems Design and Manufacturing (ESDM) sector. The Scheme was closed for receipt of applications from October, 2017. To analyze the impact of the Scheme and need for continuation of such Scheme for growth of Electronics System Design and Manufacturing (ESDM) sector; an evaluation of the Scheme was conducted through an Inter-disciplinary Impact Assessment Committee and an independent agency for Third Party analysis of EMC Scheme. Based on the encouraging response of all stakeholders including the industry and their intent to set up manufacturing operations in EMCs, it has been recommended that the Scheme acted as enabler to create foundation for electronics manufacturing along with its value chain, therefore, needs to be continued in modified form to attract both global and domestic investors to commence production within such EMCs which in turn will ensure greater integration with the global value chains in electronics manufacturing sector. Ministry of Electronics and Information Technology, therefore, proposes to introduce a Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme to compliment the efforts put-in by the Government to make India an Electronics Manufacturing Hub as envisaged under “Digital India” and “Make in India” initiatives.

1.2 These EMCs would aid the growth of the ESDM sector, help development of entrepreneurial ecosystem, drive innovation and catalyze the economic growth of the region by attracting investments in the sector, increasing employment opportunities and tax revenues.

2. Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme

2.1 Under Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme; Electronics Manufacturing Clusters would be established to create infrastructure with common facilities and amenities in EMC projects and upgrade the infrastructure in Industrial Estates / Parks / Areas as Common Facility Centre (CFC) for attracting investment in electronics manufacturing. The scope will cover components that are need based and identified through a feasibility study report to be prepared by the Project Implementing Agency.

2.2 The financial assistance will be given for setting up both Electronics Manufacturing Clusters (EMCs) and Common Facility Centers (CFCs). For the purpose of this Scheme:

2.2.1 **EMC Project** would be an undeveloped / underdeveloped geographical area, preferably contiguous, where the focus is on development of basic infrastructure, amenities and other common facilities for the ESDM units.

2.2.2 **Common Facility Centre (CFC)**: There should be significant number of existing ESDM units located in the area and the focus is on upgrading common technical infrastructure and providing common facilities for the ESDM units in existing EMCs, Industrial Estates / Parks / Areas.

2.2.3 **Anchor Unit (s)** shall be electronics manufacturing company (ies) with a commitment of purchasing minimum 20% of the saleable / leasable land area in the proposed EMC project for setting up electronics manufacturing facility in the EMC and will give a commitment of an investment of Rs. 300 crore or above.

2.2.4 **Project Management Agency (PMA)**: Shall be an agency in form of an autonomous body (Society or PSU) under the Ministry of Electronics and Information Technology (MeitY), Government of India. Such agency will act as Project Management Agency (PMA) and be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by MeitY from time to time. The functioning and responsibilities of PMA will be elaborated in the Scheme Guidelines to be issued by MeitY separately.

2.2.5 **Project Implementing Agency (PIA)**: Shall be an agency submitting the project application to PMA. The applications under the Scheme can be made by State Government or State Implementing Agency (SIA) or Central Public Sector Unit (CPSU) or State Public Sector Unit (SPSU) or Industrial Corridor Development Corporation (ICDC) such as DMICDC, etc. *(as the case may be).* The agency submitting the application to PMA will be referred as Project Implementing Agency (PIA).

2.2.6 **Project Review Committee (PRC)**: Shall be a Committee constituted by Ministry of Electronics and Information Technology (MeitY) under the chairmanship of an officer not below the rank of Joint Secretary in MeitY for consideration of the application(s) for accord of approval under the Scheme. PRC will comprise of representatives from other Ministries / Departments and organizations. The PRC will make recommendations to PMA for approval / rejection of the applications under EMC 2.0 Scheme. PRC will also review the progress of the approved projects. Meeting of the PRC will be convened from time to time and as and when required. Detailed constitution, functioning and responsibilities of the PRC will be elaborated in the Scheme Guidelines.

2.2.7 **Governing Council (GC)**: Shall be a committee to be constituted by Ministry of Electronics and Information Technology (MeitY) under the Chairmanship of Secretary, MeitY. GC will comprise of experts from Government and Industry. GC will periodically review the progress of the Scheme and the projects thereof. GC will be the authority to make improvements / modifications *(if required)* in the Scheme Guidelines from time to time for successful implementation of the Scheme. Detailed constitution, functioning and responsibilities of the GC will be elaborated in the Scheme Guidelines.

2.3 **Mode of application and eligibility criteria**: The application under EMC 2.0 Scheme will be submitted by the State Government or State Implementing Agency (SIA) or Central Public Sector Unit (CPSU) or State Public Sector Unit (SPSU) or Industrial Corridor Development Corporation (ICDC) such as DMICDC, etc. *(as the case may be)* to PMA along with the details of the Anchor unit(s) clearly mentioning the roles and responsibilities of PIA and the relevant Anchor Unit(s). In case of CPSU or SPSU; the application would be submitted along with recommendations of the concerned Central Government or State Government (Administrative Ministry or Department) *as the case may be.*

Application under EMC 2.0 Scheme should comply with the following:

i. For EMC Projects, there should be a commitment from Anchor Unit(s) or industry for taking (purchase or lease) atleast 20% of the saleable / leasable land area and a minimum investment commitment of Rs.300 crore;

ii. The land parcel should not be less than 200 acres;

iii. The land parcel required in all North-Eastern States, Hill States and Union Territories (UTs) should not be less than 100 acres. Minimum investment commitment from Anchor Unit(s) or industry for projects in these regions will be Rs.150 crore.

iv. The proposed land parcel should be in possession of the PIA and preferably contiguous.

v. Maximum of two land parcels within a radius of ½ Km will be considered as contiguous. Land parcels across the road will also be considered as contiguous.

vi. In case, any existing cluster under the EMC Scheme is taken up for expansion and adjoining land is proposed to be developed under EMC 2.0 Scheme; the land with the existing manufacturing unit will also be considered as part of the land parcel. This will be subject to the condition that in the existing EMC, 80% of saleable / leasable land should have been allotted to the manufacturing units and atleast 50% of units who have been allotted land should have started production activity. In such cases, following conditions on land requirements will be applicable:

   a) Atleast 100 acres of such land parcel that is adjoining the existing EMC will be considered for meeting the minimum land requirement for making application under the Scheme.

   b) For all North-Eastern States, Hill States and UTs, atleast 50 acres of such land parcel that is adjoining the existing EMC will be considered for meeting the minimum land requirement for making application under the Scheme.

   In such cases, only the new area proposed under EMC 2.0 Scheme will be considered eligible for financial assistance.

vii. The proposed land parcel should be non-encumbered and for Industrial use.

viii. For Common Facility Centre (CFC), there should be atleast 5 electronics manufacturing units identified as users of the facility.

ix. PIA will provide Ready Built Factory (RBF) Sheds / Plug & Play facility in atleast 10% of the saleable / leasable land within the EMC.

3. **Financial Assistance:** The financial assistance will be given for creation of world class infrastructure along with common facilities and amenities. The financial assistance will be provided for Electronics Manufacturing Cluster (EMC) Projects and Common Facility Centers as follows:

3.1 **For EMC Project;** financial assistance will be restricted to 50% of the project cost subject to a ceiling of Rs. 70 crore for every 100 acres of land. For larger areas, pro-rata ceiling would apply but not exceeding Rs.350 crore per project. The remaining project cost will be borne by State Government or State Implementing Agency (SIA) or Central Public Sector Unit (CPSU) or State Public Sector Unit (SPSU) or Industrial Corridor Development Corporation (ICDC) such as DMICDC, etc. *(as the case may be)* with a minimum contribution of 50% of the project cost.

3.2 **For Common Facility Centers (CFCs);** financial assistance will be restricted to 75% of the project cost subject to a ceiling of Rs.75 crore. The remaining project cost will be borne by State Government or State Implementing Agency (SIA) or Central Public Sector Unit (CPSU) or State Public Sector Unit (SPSU) or Industrial Corridor Development Corporation (ICDC) such as DMICDC, etc. *(as the case may be)* with a minimum contribution of 25% of the project cost.

4. All applications for financial assistance under EMC 2.0 Scheme shall be considered by a Project Review Committee (PRC) to be constituted by the Ministry of Electronics and Information Technology (MeitY). PRC will be chaired by an officer not below the rank of Joint Secretary in MeitY and will comprise of representatives from other Ministries / Departments and organizations. The PRC will make recommendations to PMA for approval/ rejection of the applications under EMC 2.0 Scheme. PRC will also review the progress of the approved projects. Detailed constitution, functioning and responsibilities of the PRC will be elaborated in the Scheme Guidelines.

5. The illustrative list of eligible activities under the EMC 2.0 Scheme is annexed.

6. EMC Project Preparation, Appraisal and Release of Funds:

6.1 The project application submitted by PIA to PMA shall include details of infrastructure requirements and common facilities for the specific EMC Project. The project application shall also include data, surveys, projections and feasibility on growth potential of the EMC. The PIA may actively involve Anchor Unit, support from institutions like R&D institutions, financial institutions, State Governments, wherever necessary.

6.2 PMA will appraise the application(s) with the help of professional consulting agency (ies) or financial institution(s) *[as deemed necessary]*. PMA will submit the appraisal report of the projects for consideration of the Project Review Committee. PRC will make its recommendations to the PMA for accord of approval / rejection of the projects.

6.3 Based on the recommendations of the PRC, PMA will obtain necessary approvals from the competent authority in accordance with Delegation of Financial Power Rules (DFPR) for issuing the approval(s) to the project(s). The functioning and responsibilities of PMA will be elaborated in the Scheme Guidelines.

6.4 The selection / location of the EMC shall be taken up by the PIA in consultation with the Anchor Unit(s) / Industry.

7. Release of Funds: The release of funds will be project specific and on *pari-passu* basis and is proposed to be released in three (3) installments in the following manner:

7.1. First installment of 30% will be released on approval of the project as an advance.

7.2. Second installment of 40% will be released after utilization of the first installment and achievement of specific milestones related to infrastructure development and allotment of land to Anchor Unit.

7.3. Third installment of 30% will be released after completion of the project.

7.4. The funds will be released to PIA through PMA once PIA has deposited *pari-passu* contribution in the designated account or the concerned State Government or Ministries / Departments *(as the case may be)* has issued a sanction or order for transfer of *pari-passu* contribution. In case of internal accruals of PIA or financial assistance from Bank or Financial Institution (FI), the funds should have been transferred in the designated account.

8. Implementation mechanism:

8.1 The Scheme will be implemented through an agency in form of an autonomous body (Society or PSU) under the Ministry of Electronics and Information Technology (MeitY), Government of India. Such agency will act as Project Management Agency (PMA) and will be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by MeitY from time to time. The functioning and responsibilities of PMA will be elaborated in the Scheme Guidelines to be issued by MeitY separately.

8.2 MeitY shall make budgetary provisions for approved projects under the Scheme. PMA will submit budgetary requirement to MeitY on regular basis along with details of the project-wise requirements. Financial assistance will be released to PIA by PMA for approved projects.

9. Scheme / Project Monitoring: The progress of the Scheme will be reviewed through a Governing Council (GC) to be constituted by MeitY under the chairmanship of Secretary MeitY. GC will comprise of experts from Government and Industry. GC will periodically review the progress of the Scheme and the projects thereof. GC will be authorized to carry out amendments in the Scheme Guidelines from time to time for successful implementation of the Scheme. Detailed constitution, functioning and responsibilities of the GC will be elaborated in the Scheme Guidelines.

10. Scheme duration / timelines: The Scheme will be open for receipt of applications for a period of three (3) years from the date of notification. Further period of five (5) years shall be available for disbursement of funds to the approved projects. The applications received under the Scheme will be appraised on an ongoing basis.

11. The Ministry of Electronics and Information Technology will issue a set of Guidelines for implementation of the Scheme. The authority for amendment of the Scheme Guidelines shall rest with the Governing Council of the Scheme to be set up by MeitY.

12. MeitY will periodically monitor and review the progress of the Scheme and the projects under EMC 2.0 Scheme.

13. MeitY will carry out a mid-term evaluation of the Scheme after three (3) years from the date of notification and will propose any modifications / amendments, if required, for successful implementation of the Scheme. It will engage the services of an independent agency to carry out such mid-term evaluation and another evaluation after end of the Scheme period.

SAURABH GAUR, Jt. Secy.

ANNEXURE

An illustrative list of eligible activities under EMC 2.0 Scheme

A. Vital Services

i. Boundary Wall
ii. Internal Roads
iii. Storm Water Drains
iv. Electric Sub-Station/Distribution Network

B. Essential Services

i. Waste Disposal/Recycling
ii. Water Recycling/Water Treatment Plant
iii. Effluent Treatment Plant
iv. Sewage Lines
v. e-waste Management
vi. Street Lighting
vii. Backup Power Plant
viii. Warehousing
ix. Ready Built Factory sheds (RBF)/Plug & Play Facility
x. Fire Fighting and Safety services

C. Desirable Services:

1. Welfare Services

i. Employee Hostel
ii. Hospital and ESIC
iii. Recreational Facility/Playground
iv. Creche/Nursery
v. Educational Facilities
vi. Banking & Financial Services.

2. Support Services

i. Centre of Excellence (R&D, Incubation and Consultancy Services)
ii. Skill development Centre/Training Facility
iii. Auditorium & Conference Facility
iv. Video Conferencing, IT & Telecom Infrastructure
v. Business, Trade &Convention Centre

3. Manufacturing Support

i. Tool Room
ii. CAD/CAM Design House
iii. Plastic Molding/Cabinet Manufacturing

iv. Sheet Metal Stamping

v. Packaging/Epoxy Suppliers

vi. Testing and Certification Facility

vii. Component Testing:

a) Safety, Life Test, Reliability/Environment, Electrical & mechanical properties

b) RoHS Testing

c) EMI/EMC Testing

d) CRO compliance

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