



**Karnataka Innovation and Technology Society (KITS)**

Department of Electronics, IT, Bt and S&T, Government of Karnataka.,  
BMTc – Central Offices Building,  
TTMC 'B' Block, 4th Floor,  
Shanthinagar, KH Road,  
Bengaluru 560 027

KITS INVITES

EXPRESSION OF INTEREST

FROM

FIRMS TO ASSIST IN EVALUATING APPLICATIONS RECEIVED UNDER THE GOVERNMENT  
OF KARNATAKA'S SPECIAL INCENTIVES SCHEME FOR ESDM SECTOR 2020-25

## INVITATION FOR EXPRESSION OF INTEREST

INNOVATE  
KARNATAKA



K-tech

### INVITATION FOR EXPRESSION OF INTEREST

#### EoI NOTICE NO. KITS/IT/ESDP/2/202 1-IT-KITS

KITS invites Expression of Interest (EoI) from firms to assist in evaluating applications received under the Special Incentives Scheme for ESDM Sector 2020-25.

The interested firms are required to send in their EoI via email to [kitsgok@karnataka.gov.in](mailto:kitsgok@karnataka.gov.in) with the subject "EoI for firms to assist in evaluating applications received under the Special Incentives Scheme for ESDM Sector 2020-25". The details of documents required for EoI submission are available at <https://itbtst.karnataka.gov.in>. Any notices/information related to this EoI document in the future shall be uploaded on <https://itbtst.karnataka.gov.in> only.

The deadline for submission of Expression of Interest is on or before 3.00 P.M. on **21<sup>st</sup> March 2022**. Refer to the EoI document for eligibility criteria and other conditions.

Managing Director

#### KARNATAKA INNOVATION & TECHNOLOGY SOCIETY (KITS)

Department of Electronics, IT, BT and S&T, Government of Karnataka  
BMTC Central Offices Building, TTMC 'B' Block, 4th Floor, Shanthinagar, KH  
Road, Bangalore-560027 . India  
Phone: 080-2223-1006 /8, E-mail: [kitsgok@karnataka.gov.in](mailto:kitsgok@karnataka.gov.in)

DIPR/DDU/3246/AKAR/2021-22

COVID-19 - DON'T SPREAD RUMOURS. ACT RESPONSIBLY, AVOID INFECTION-NOT THE INFECTED.



SIZE : 12X8CM

## IMPORTANT DATES AND INFORMATION REGARDING COMMUNICATIONS

<b>Eol No.</b>	KITS/IT/ESDP/2/2021-IT-KITS
<b>Mode of Eol submission</b>	Online (email) submission to <a href="mailto:kitsgok@karnataka.gov.in">kitsgok@karnataka.gov.in</a> and <a href="mailto:esdmcell@karnataka.gov.in">esdmcell@karnataka.gov.in</a> with subject "Eol for firms to assist in evaluating Applications received under the Special Incentives Scheme for ESDM Sector 2020-25"
<b>Date of Release of Eol Document</b>	10 <sup>th</sup> February 2022
<b>Last date for submission of Eol</b>	21st March 2022
<b>Address of KITS</b>	Karnataka Innovation and Technology Society (KITS) Department of Electronics, IT, Bt and S&T, Government of Karnataka., BMTC – Central Offices Building, TTMC 'B' Block, 4th Floor, Shanthinagar, KH Road, Bengaluru 560 027
<b>Nodal person from KITS for this Eol Document</b>	Smt. Champa E, General Manager, KITS Email: <a href="mailto:gm3kbits@gmail.com">gm3kbits@gmail.com</a> Mob: 88848 52582

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## 1. About Karnataka Innovation & Technology Society (KITS)

Karnataka Innovation and Technology Society (“KITS”) was established under Karnataka Societies Registration ACT 1960 under the Department of Electronics, Information Technology (IT), Biotechnology (Bt) and Science and Technology (S&T), Government of Karnataka. KITS helps the Department in facilitating and promoting the Electronics, IT, Bt and S&T sectors in the State. KITS acts as a synergic liaison between Industry and Government, facilitating the establishment of Electronics, IT & BT Industries in the State.

## 2. Background

Electronics Systems Design and Manufacturing (“ESDM”) sector has seen rapid growth in the past decade, riding on increasing demand from emerging market economies. Manufacturing has also seen a shift in its loci from Europe and North America to Asia. China is the leading global destination for ESDM, accounting for nearly 40% of global electronics production and 30% of the global electronics exports. South East Asia, especially Vietnam and Indonesia, has been emerging as a global hub for electronics manufacturing due to cheaper labour costs, proximity & cultural affinity to China and attractive incentives. The outbreak of the COVID 19 Pandemic in 2020 led to the consequential shut down of manufacturing in China. Companies in ESDM sector, predominantly those with manufacturing plants in China, have realized the need to diversify their manufacturing locations and have started scouting for potential locations to ground their investments out of China.

With a large domestic market and existing ecosystem, India is well positioned to attract these companies. In order to increase the domestic production of electronics and propel the growth of the ESDM industry, the Union Cabinet recently approved the National Electronics Policy 2019 (“NPE 2019”). NPE 2019 aims to encourage domestic manufacturing and exports in the ESDM value chain to achieve economic development and a turnover of USD 400 billion by 2025. NPE also aims to increase exports to 60% of domestic production.

Building on NPE 2019, Government of India came out with three schemes to boost the ESDM sector in the country. Of these three Schemes, Scheme for Promotion of manufacturing of Electronics Components and Semiconductors (SPECES) and Production Linked Incentive (PLI) Scheme are aimed at Manufacturing units in ESDM sector, while Electronics Manufacturing Clusters 2.0 (EMC 2.0) is aimed at Industrial Park developers. NPE 2019 also had the provision that States could offer incentives over and above that proposed by Union Government under the Policy.

This opportunity for investments has been picked up by several states in India and, hence, there is competition among the states to ground the investments moving out of China in their respective states.

Karnataka is the 4<sup>th</sup> largest electronics manufacturer in the country, accounting for 10% of India’s total electronic industrial output. The State is home to more than 300 units export oriented manufacturing units. It is the largest chip design hub in India, consisting of 85 fabless chip design houses and is the leading producer of aerospace and defence equipment in India. Karnataka’s contribution to national share stands at ~50% in electronic product companies and 40% in electronic design. Karnataka has immense scope for improvement in manufacturing of high value add components, similar to India’s position in the electronics value chain.

While Karnataka has an established ecosystem for ESDM, it still needs to compete with leading industrialized states like Tamil Nadu, Gujarat, Telangana, Maharashtra, and Uttar Pradesh, among others.

### 3. Introduction to the Special Incentives Scheme for ESDM Sector 2020 – 2025

In order to provide the much-needed fiscal interventions that will bring in fillip for ESDM sector, the Government of Karnataka has announced the “Karnataka Special Incentives Scheme for ESDM Sector 2020 – 2025” (the “Scheme”) vide GO No. ITBT 101 ADM 2020 dt. 7<sup>th</sup> September 2020, offering various incentives and concessions to ESDM companies in the state. KITS is the designated Nodal Agency of Government of Karnataka for the administration of the Scheme.

The scheme provides the following incentives to eligible applicants.

S.No.	Incentive Head	Quantum of Support
1.	Capital Investment Subsidy	<ul style="list-style-type: none"> <li>▪ <b>Land Subsidy:</b> 25% of Expenditure on Land up to an extent of 50 acres (other than in Bengaluru Urban and Bengaluru Rural districts)</li> <li>▪ <b>Plant &amp; Machinery Subsidy:</b> 20% of Eligible Capital Expenditure on Plant &amp; Machinery</li> </ul>
2	Reimbursement of Stamp Duty and Registration Charges	100%
3	Reimbursement of Land Conversion Fee	100%
4	Power Tariff Reimbursement	INR 1.00 per unit for 5 years from the month of commencement of commercial production
5	Exemption from Electricity Duty	100% for 5 years from the month of commencement of commercial production
6	Production Linked Incentive	1.00% of annual turnover for a period of 5 years, starting from the first year of commercial operations

A registered legal entity (hereafter referred to as “Applicant”) can submit a proposal for claiming incentives (hereafter referred to as “Application”) under the aforementioned Scheme

for setting up of a Project/Unit for manufacturing of the Target Segments (as mentioned in Section 2.1 of the Operational Guidelines of the Scheme). The Applicants are required to submit their Applications and supporting documents as set out in the Operational Guidelines of the Scheme.

In line with the above, KITS invites “Expression of Interest” (“EoI”) from Firms to review the Applications under the Scheme and the various supporting documents submitted in association to the incentive heads and as per the Operational Guidelines of the Scheme. The Firm shall assist appropriate Committees as constituted within KITS under the Scheme. The Firm will be expected to carry out the list of activities as detailed in the scope of work.

Based on the responses received on the invitation for EoI, KITS will decide whether only the Firms which will submit their response during EoI will be allowed for next stage.

#### **4. Scope of work and indicative list of Services**

The scope of work shall include (but shall not be limited to) the following:

1. Assessment of the eligibility and compliance of the Application on the basis of product categories, employment and investment threshold of the Applicant as per the modalities and Operational Guidelines of the Scheme.
2. Verification of the genuineness of incentives claim Application with respect to all the relevant documents furnished by the Applicant and evaluate compliance of all the documents with the Operational Guidelines of the Scheme. Based on applicability, verification of claims includes (but shall not be limited to) documents submitted for claiming Land Subsidy, Plant & Machinery Subsidy, Reimbursement of Stamp Duty and Registration Charges, Reimbursement of Land Conversion Fee, Power Tariff Reimbursement, Exemption from Electricity Duty and Production Linked Incentives as per the Operational Guidelines of the Scheme. It will also include determination of Baseline for Sales of Manufactured Goods and Investment and other such thresholds mentioned in the Operational Guidelines of the Scheme.
3. Review and examination of the Applications by conducting physical inspections as and when deemed necessary to verify requisite documents/certificates submitted by the Applicant as outlined in the Operational Guidelines of the Scheme.
4. Examination of claims for disbursement of incentive as per the procedures specified in the Operational Guidelines of the Scheme.
5. Requisition of additional information, details and documents from the Applicant as deemed necessary.
6. Submit appraisal reports to KITS for consideration of Applications under the Scheme. Recommendations shall include (but shall not be limited to) verification result for each incentive head, technical and financial inputs such as inputs on eligible capital list of items, inputs on actual subsidy amount to be disbursed based on review of Application.

#### **5. Eligibility Criteria**

A Firm may be a company registered under the Company’s Act, Registered Partnership Firm, Indian Company/Domestic Company-Private or Public Company. Bank / Financial Institution /

Government Institution / Private Institution / Society meeting the following criteria can submit their Expression of Interest. The Firm shall comprise of professionals like Chartered Accountants, Chartered Engineers, Legal Advisors, among others who are responsible to conduct the financial and technical evaluations.

SI. No	Parameter	Description of Requirements	Supporting Document Required
1.	Minimum Years of Operations	The Firm must have been in operations for at least 3 Financial Years prior to FY 2021-22	Certificate of Incorporation of the company registered in India and Memorandum of Association (MoA) and/or Article of Association (AoA)
2.	Prior Relevant Experience	The Firm should have prior relevant experience in evaluating projects for government funding, based on a set of stipulated criteria.  Projects in ESDM sector will be desirable.	Refer to Annexure 1 for format of submitting information on the projects.  Please attach work orders and relevant documents as proofs.
3.	Presence in Karnataka	The Firm shall have its office or branch office in Karnataka.	Rent / Lease agreement in the name of the company.  Or Copy of certificate issued under Shops and Establishment Act, Karnataka
4.	Non – Blacklist	The Firm should not be declared ineligible for corrupt practices or fraudulent practices or blacklisted by any State or Central Government or any State or Central PSU in India	Self-Declaration/Undertaking in this regard by the authorized signatory of the Firm

## 6. Supporting Documents

SI. No	Parameter	Description of Requirements	Supporting Document Required



1.	About the Firm	Nature of Business of the Firm and other details about their establishment.	Details of the Firm as mentioned in Annexure 2.
2.	GST & PAN	The Firm must have valid GST Registration and PAN with the Government.	Provide the copy of the certificates
3.	Financial Turnover	The Firm must furnish information related to the Annual Turnover over the last 3 financial years.	Annual Turnover (last 3 years) CA audited
4.	Self – Undertaking	Firm to provide a self-certificate validating the authenticity of the information provided with the Expression of Interest	Format provided in Annexure 3

## 7. Terms and Conditions for participation in Expression of Interest

1. EoI submission will not be accepted after the date and time fixed for receipt as is set in notification for subsequent extensions if any.
2. Relevant documents in proof have to be attached/enclosed wherever required.
3. KITS may, at its discretion, extend the last date for submission of EoI, in which case, all rights and obligations of the Firms, subjected to the previous last date, will thereafter be subject to such extended last date.
4. The EoI submissions with incomplete information will be liable for rejection.
5. The Firms must submit all documents (in PDF format) as a response to this document via email to [kitsgok@karnataka.gov.in](mailto:kitsgok@karnataka.gov.in) and [esdmcell@karnataka.gov.in](mailto:esdmcell@karnataka.gov.in). The Subject of the email must be “EoI for firms to assist in evaluating Applications received under the Special Incentives Scheme for ESDM Sector 2020-25”
6. Non-compliance of any of the clauses of this EOI document will be liable for rejection.
7. KITS reserves the right to accept or reject any or all the EOI submissions received, at its sole discretion without assigning any reason thereof.

# ANNEXURES

## ANNEXURE 1

Statement of prior experience with respect to EoI Document

<b>Assignment Name:</b>	<b>Approx. value of the contract (in INR in Crore):</b>
<b>Location within India:</b>	<b>Duration of assignment (months):</b>
<b>Name of client:</b>	<b>Approx. value of the services provided by your firm under the contract (in INR in Crore):</b>
<b>Address:</b>	
<b>Start Date (Month/Year):</b>	
<b>Completion Date (Month/Year):</b>	
<b>Name of Associated Agency, If any:</b>	
<b>Narrative Description of Project:</b>	

Signature, name and designation of authorized signatory

<Work Orders and relevant documents to be attached as proof>

## Annexure 2

### FORMAT FOR THE FIRM'S INFORMATION

(On the letter Head of the Firm)

1.	Name of the Firm	
2.	Address of the Firm	
3.	Legal Status of the Firm	Public Ltd / Pvt. Ltd /LLP/Others (specify)
4.	Details of Registration of the Company [Attach copy of Incorporation certificate and Memorandum of Association and / or Article of Association]	Date:
		Ref. #
5.	Name, Designation and Contact details of the contact person with whom all correspondence shall be made.	

<Insert 1-2 pages about the Firm>

Signature, Name, Designation with Seal

**ANNEXURE 3**

*On the letter head of the company*

No: \_\_\_\_\_ Address of the issuing authority  
Date: \_\_\_\_\_

**Self-Certificate**

We,.....(name of the Firm)  
hereby declare that the information given above and in the enclosed documents is true to the best of our knowledge and belief and nothing has been concealed therein. We are well aware of the fact that if the information given by us is proved false/not true, we will have to face the punishment as per the law. Also, all the benefits availed by us shall be summarily withdrawn.

Signature and Seal of the issuing authority