

Electronic **M**anufacturing **C**luster

for Electronic System Design & Manufacturing

The Scheme

Notified : 22nd October, 2012

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To provide **world-class infrastructure** for **attracting investments** in the **ESDM Sectors**

Background & Objective

One of the **main impediments**

To attract investment for Manufacture of

- Semiconductors
- Components
- Electronics Products

Why ?

Lack of availability of Good & Reliable Infrastructure

How ?

Offering a package of incentives to attract Domestic & Global Investment into ESDM sector with

Electronics Manufacturing Clusters (EMC)

INFRASTRUCTURE REQUIREMENT

Projected in the report of the task force on IT/ITES & Electronic Hardware Manufacturing

Background & Objective

Government to offer **FINANCIAL SUPPORT** for the development of EMCs

- To help development of entrepreneurial ecosystem
- To drive innovation
- To catalyze the economic growth of the region by increasing employment opportunities & tax revenue

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FINANCIAL ASSISTANCE for setting up EMCs

Greenfield EMC

- Undeveloped / underdeveloped geographical area, *preferably contiguous*
- The focus is on development of basic infrastructure, amenities & other common facilities for the ESDM

Brownfield EMC

- Geographical area where a significant number of existing ESDM units are located
- The focus is on upgrading infrastructure and providing common facilities for the ESDM units

Proposed EMCs may use
ITIRs infrastructure
wherever available

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Implementation of the Scheme is through a **Special Purpose Vehicle**

SPV will carry out the business

- *Developing*
- *Operating*
- *Maintaining*

... the infrastructure, amenities & other common facilities created in EMCs

Steering Committee for Clusters, *constituted by DeitY*

- will consider all the proposal under the EMC scheme
- submit its recommendation to competent authority for approval

NOTE : For effective commission of SCC, A set of guidelines shall be drawn up by DeitY

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Special Purpose Vehicle

SPV shall be a duly registered **legal entity**

SPV may be promoted by

- *Private Companies*
- *Industry Association*
- *Financial Institutions*
- *R&D Institutions*
- *State or Local Governments or their agencies*
- *Units within the EMC*

SPV should consider including an **academic/research institution** for Suitable Academic- industry linkages

PPP model
suitable for the SPV
would be finalized in consultation with
Department of Economic Affairs

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List of **Eligible Activities** under EMC Scheme

Basic Development

- *Boundary Wall*
- *Internal Roads*
- *Street Lighting*
- *Storm Water Drains*

Support Services

- *Centre of Excellence (R&D, Incubation & Consultancy Services)*
- *Training Facility /ITI*
- *Auditorium & Conference Facility*
- *Video Conferencing*
- *IT Infrastructure / Telecom*
 - *Broadband Connectivity*
 - *Cloud Computing*
 - *ERP/ Factory Management System*

Essential Services

- *Government Support Office*
- *Water Treatment Plant*
- *Sewage Lines/ Treatment*
- *Waste Disposal /Recycling/Water Harvesting*
- *Electricity Sub-Station / Distribution*
- *Backup Power Plant*
- *Warehousing*

Government Regulatory Support / Services

- *Development Commissioner / Designated Officer*
- *Tax Support/ Filing*
- *Factory / Labour Compliance Support*
- *Pollution Control*

Welfare Services

- *Employee Hostel & Mess*
- *Hospital and ESIC*
- *Recreational Facility Playground Clubhouse*
- *Crèche / Nursery*
- *Local Shopping Centre*
- *Restaurants*
- *Educational Facilities*

Manufacturing Support

Proposed - Flatted Factory Complex

- *Tool Room*
- *CAD/CAM Design House*
- *Plastic Molding*
- *Sheet Metal Stamping*
- *Packaging / Epoxy Suppliers*
- *Testing and Certification Facility*
- *Component Testing:*
 - *Safety, Life Test, Reliability, Electrical & mechanical properties*
 - *RoHS Testing*
 - *EMI / EMC Testing*

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Financial Assistance by the way of **grant-in-aid** (not equity) to the **SPV**

Greenfield EMC

50 % project cost subject to a ceiling of **Rs. 50 crore** for every **100 acres** of Land

For larger area **pro-rate ceiling** would apply

Remaining project cost will be financed by other stakeholders of the EMCs with a minimum industry contribution of **25%** of the project cost

Brownfield EMC

75 % project cost subject to a ceiling of **Rs. 50 crore**

Remaining project cost will be financed by other stakeholders of the EMCs with a minimum industry contribution of **15%** of the project cost

Administration Expenses

Restricted to **3 %** of the central assistance in the project

DPR Expenses

Would be considered as **part of the project Cost**

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Project Preparation, Appraisal & Release of Funds

Project Proposal	may include common facilities & infrastructure for specified EMC
Special Purpose Vehicle	may include <ul style="list-style-type: none">• R&D Institutions• Financial institution• State & Local Government <i>... wherever necessary</i>
Detailed Project Proposal	Supported by Data, surveys, projections & feasibility on growth potential of the EMC will be submitted to the SCC
Selection / Location of EMC	Will be approved by the Steering Committee for Clusters

Project will be appraised by the **Steering Committee for Clusters** with the help of a reputed and independent financial institution/consultant on

- structuring of SPV
- financial viability of the project

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Release of Funds will be

- Project specific
- on pari-passu basis
- directly to the SPV
on receipt of utilization certificate & actual physical progress
- kept in separate account , *which will be audited*

30 % of the central government share will be released after sanction of the project

SPV

will be responsible for
Operation & Maintenance of assets
by way of collecting user charges

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Applicability of **National Manufacturing Policy**

Greenfield EMCs

which would fall within the National Investment & Manufacturing Zones (NIMZ)

Collection of EMCs

geographically outside of proposed NIMZs may be treated as a single virtual NIMZ for governance purpose.

Scheme will be opened for application for **5 years**
from the date of notification

- *Further period of 5 years shall be available for disbursement of funds to the approved applicants*
- *The application received under the Scheme will be appraised on an ongoing basis*

Thank You

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