

The background of the entire page is a complex digital graphic. It features a central, semi-transparent globe with a grid of latitude and longitude lines. Overlaid on this are various elements of digital data, including binary code (0s and 1s) in different colors and orientations, and abstract, glowing lines that suggest a network or data flow. The overall color palette is dominated by blues, teals, and whites, with some warmer tones like reds and oranges appearing in the lower and right portions of the image.

INVITATION

FOR

**EXPRESSION OF INTEREST**

FOR ESDM COMPANIES TO SETUP UNITS AND

TO BE PART OF ‘**SPECIAL PURPOSE VEHICLE**’ FOR DEVELOPMENT,  
OPERATIONS AND MAINTENANCE

OF

**“GREENFIELD ELECTRONICS MANUFACTURING CLUSTER  
(EMC)”**

AT SECTOR-24, YAMUNA EXPRESSWAY INDUSTRIAL DEVELOPMENT AREA IN THE  
STATE OF UTTAR PRADESH

**U.P. ELECTRONICS CORPORATION LIMITED**

## TABLE OF CONTENTS

<b>1.</b>	<b>Introduction – Electronic System Design and Manufacturing (ESDM) Sector .....</b>	<b>2</b>
1.1	Existing Scenario of ESDM Sector .....	2
<b>2.</b>	<b>Project Brief – Greenfield Electronic Manufacturing Cluster at Sector-24, Yamuna Industrial Development Area, UP.....</b>	<b>5</b>
2.1	Background .....	5
2.2	About the Project .....	6
2.3	Project Structure .....	6
2.4	Incentives being offered by State Government .....	7
<b>3.</b>	<b>Way Forward - Application and Evaluation Process .....</b>	<b>8</b>
3.1	Who can Apply (Eligibility Criteria) .....	8
3.2	How to Apply .....	8
3.3	Pre-EoI Conference .....	9
3.4	Where to Apply .....	10
3.5	Evaluation and Selection Process .....	10
<b>4.</b>	<b>Annexures .....</b>	<b>11</b>
4.1	Notification issued by DeitY on EMC Scheme .....	11
4.2	Guidelines issued by DeitY on EMC Scheme .....	
19 4.3	Terms and Conditions for the SPV .....	37

### 1. Introduction – Electronic System Design and Manufacturing (ESDM) Sector

Electronics industry, especially consumer electronics, emerged in the 20th century and has now become a global industry worth billions of dollars. Contemporary society uses all manner of electronic devices built in automated or semi-automated factories operated by the industry.

Electronics industry reported at USD 1.75 trillion in 2012 is the largest and fastest growing industry in the world. It is expected to reach USD 2.4 trillion by 2020. Demand in the Indian market was USD 45 billion in 2008-09 and is expected to reach USD 400 billion by 2020. Domestic demand is expected to be driven by the growth in income levels leading to higher take-off of electronic products, automation demands of corporate sector, and Government's focus on e-governance. Domestic production in 2008-09 was around USD 20 billion. However, actual value addition in the domestically produced electronic product is very low, ranging from 5-10% in most cases. At the current rate of growth, the domestic production can cater to a demand of USD 152 billion in 2020 as against a demand of USD 400 billion and rest would have to be met by imports. This aggregates to a demand supply gap of nearly USD 248 billion

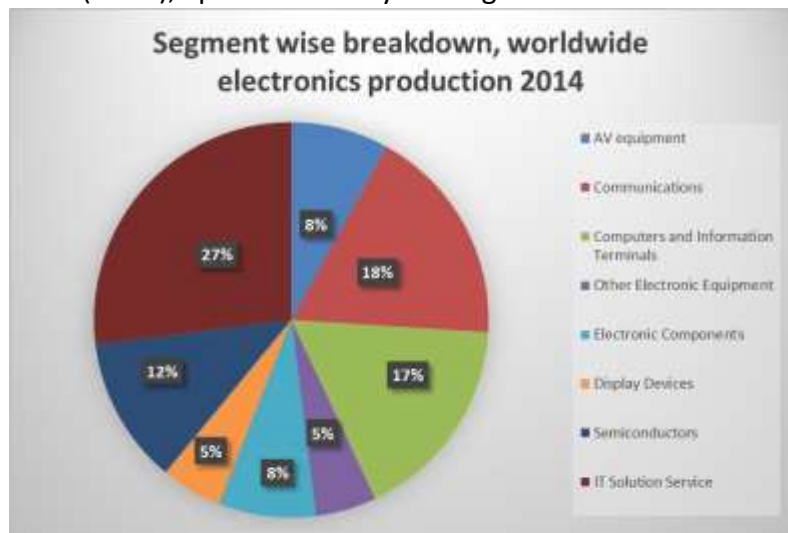
by 2020. Unless the situation is corrected, it is likely that by 2020, the electronics import may far exceed oil imports.

### 1.1 Existing Scenario of ESDM Sector

This section discusses about the existing situation of the ESDM sector at three levels – Global, National and State levels.

#### Global Scenario

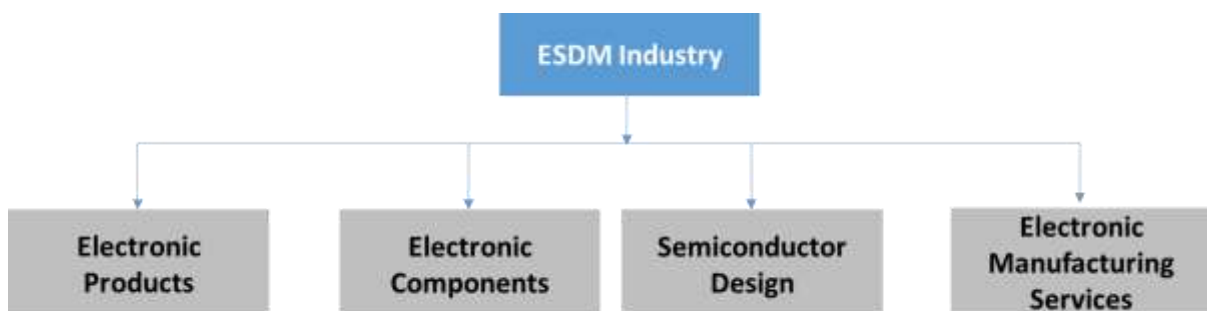
According to the annual industries survey conducted by Japan Electronics and Information Technology Industries Association (JEITA), production by the global electronics and information technology industries is estimated to have increased 10% year on year in 2014, to USD 2.3 trillion. The forecast for 2015 is a 5% year on year increase, to USD 2.4 trillion, anticipating solid growth given the expected spread of IT to many industries through IT solution services and an expected increase in demand for electronic components and devices for not only electronic equipment but also automobiles where IT Source: Japan Electronics and Information Technology progresses rapidly, in addition to a higher demand for entrance terminals linked with the internet.



It can be observed from the above chart that IT solution service is the largest segment comprising 27% of the total global electronics sale followed by communications equipment segment with 18% share. Computers & information terminals and Semiconductors form 17% and 12% of the total global electronics sale respectively.

#### Indian Scenario

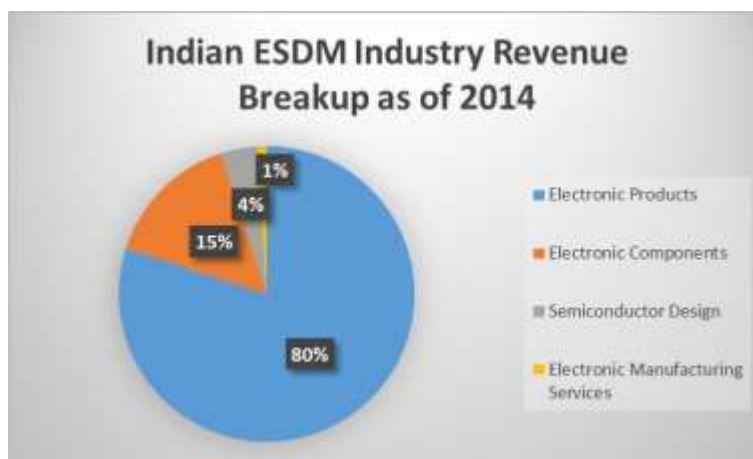
ESDM industry in India is estimated to have clocked revenues of USD 84.16 billion in 2014, growing at a CAGR of 9.88%. ESDM industry in India constitutes the following sub-segments:



- **Electronic products:** This includes the total market for domestic consumption of electronic products in India (either produced locally or imported) as well as the exports of electronic products manufactured in the country.
- **Electronic components:** This includes the revenues generated from local manufacturing of electronic components.
- **Semiconductor design:** This includes the revenues generated from semiconductor design activities conducted in the country by local players and captive of semiconductor MNCs operating from India. It includes revenues from embedded software, VLSI and hardware/board design.
- **Electronic manufacturing services (EMS):** This includes the revenues generated from EMS services delivered from the country.

While the first two components represent the products, the remaining two are more service based opportunities catering to the domestic and export markets. Electronic products segment forms the largest chunk of the ESDM industry in India with an estimated 80% market share in 2014. While semiconductor design forms 15% of the market, electronic components and electronic manufacturing services form 4% and 1% respectively. Chart below depicts the break-up of industry revenues for ESDM by categories.

It can be observed from the chart above that product revenues constitute maximum of the ESDM industry with 85% market share in 2014 while services revenues account for 14% of the total market share. The Product-Services revenue contribution mix is expected to remain similar till 2015. Domestic revenues account for 70% of the industry revenues in 2014 while exports accounted for remaining 30%. Most of the export revenues are generated from the export of semiconductor design and electronic products while electronic components and electronic manufacturing services constituting a small portion of exports.

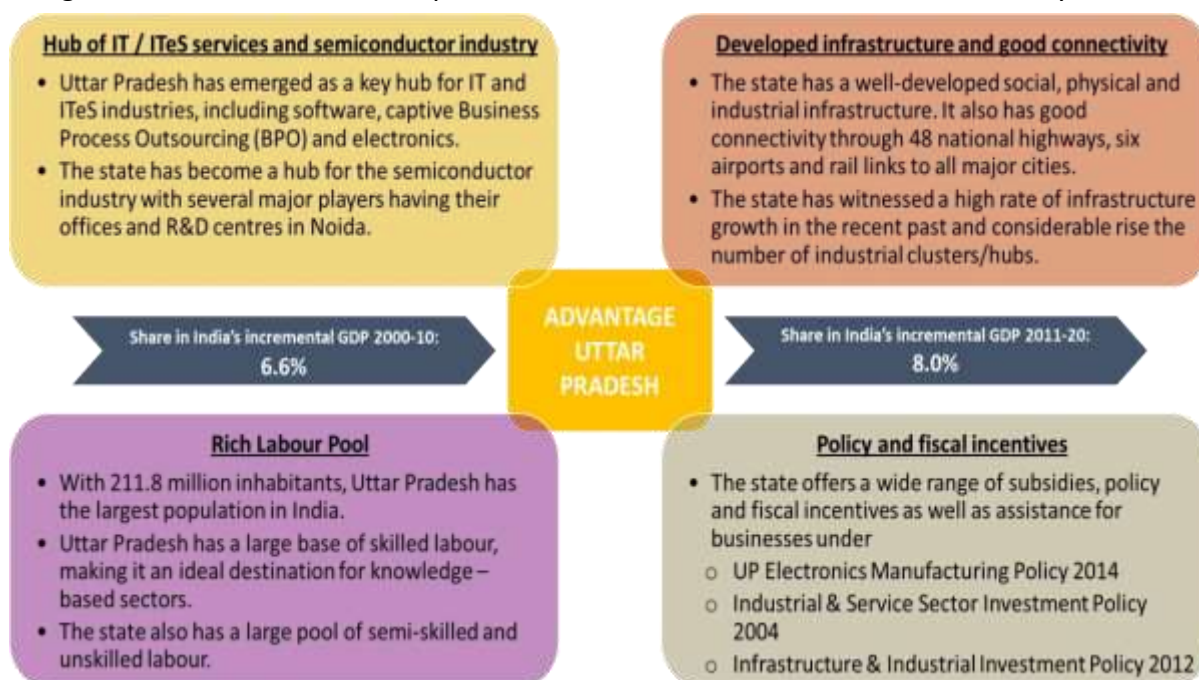


The robust growth of Indian electronic industry can be attributed to a multitude of factors, including growing middle class population, increasing disposable income and declining electronic product prices, and Government initiatives such as spending on laptops & tablets, E-governance initiatives and Unique Identification (UID) project, Roll out of National Knowledge Network (NKN), Broadband connectivity to villages, and Roll out of 3G/LTE networks.



## Uttar Pradesh Scenario

As of now, there is minimal presence of ESDM sector in the state. However, with its inherent strengths, the state has immense potential to become an ESDM hub of the country.



Source: Department of Infrastructure and Industrial Development

Uttar Pradesh has emerged as a lucrative investment hub among its competing states. The state has the third highest number of Micro, Medium and Small Enterprises (MSMEs) in India. With an investment of above USD 4 billion, over 175,000 MSME units were set up during the 11<sup>th</sup> Five Year Plan. The state is steadily garnering investor support with numerous policy initiatives undertaken recently, Infrastructure & Industrial Investment Policy 2012, Electronics Manufacturing Policy 2014 are examples of such initiatives. Uttar Pradesh is a hub for IT / ITeS services and semiconductor industry and is poised to become the next ESDM hub of India with the availability of enabling infrastructure, talent pool, and developed infrastructure. Figure below presents advantages of the state for ESDM sector to prosper.

Uttar Pradesh also has presence of reputed academic, research and training institutes which makes it a hot bed for investments in the ESDM sector. Besides above advantages, Uttar Pradesh provides efficient environment for doing business in the state.

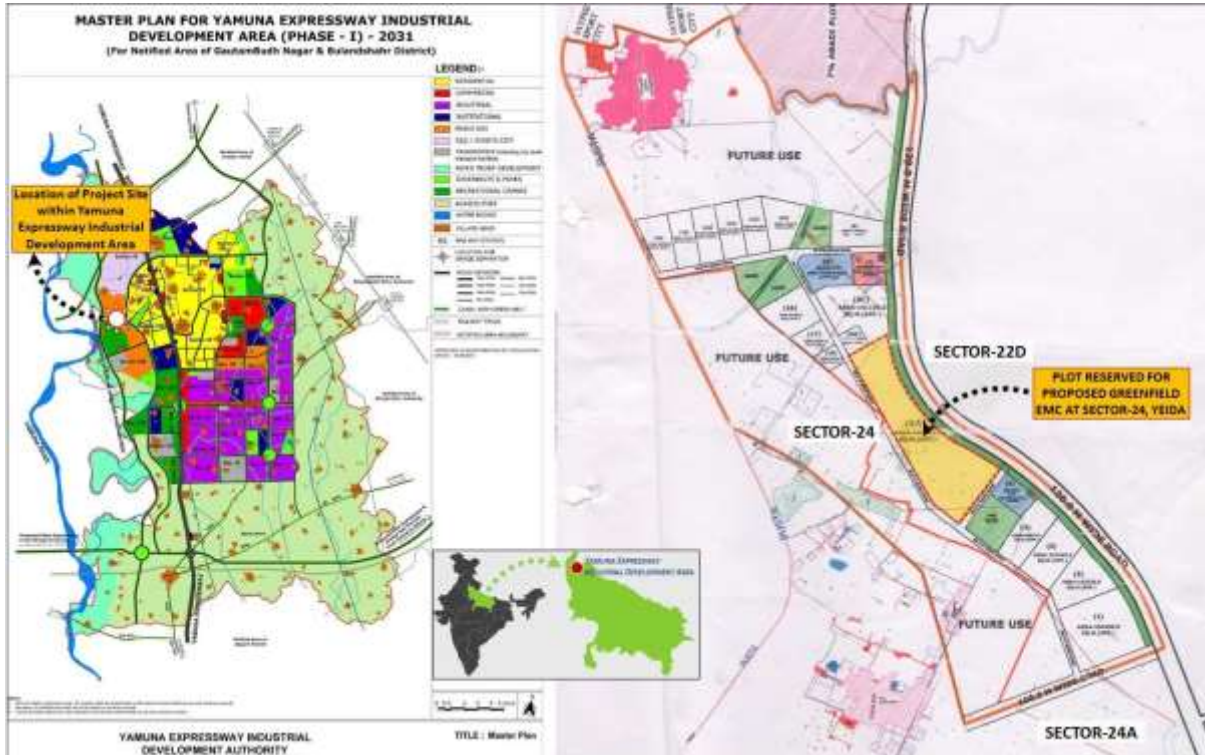
## 2. Project Brief – Greenfield Electronic Manufacturing Cluster at Sector-24, Yamuna Industrial Development Area, UP

### 2.1 Background

The Yamuna Expressway Industrial Development Area offers a plethora of opportunities for development of industrial infrastructure. The region is fast emerging as a favoured destination for IT / ITeS industry and also manufacturing / SME outfits, due to its close proximity to Delhi and world class infrastructure. With the commissioning of projects such as Yamuna

Expressway and Formula 1 circuit and newly announced projects such as corridors for SEZs and biomedical city has further accelerated the growth and attractiveness of the Region as a preferred investment destination.

Uttar Pradesh Electronics Corporation Limited (UPLC) in its endeavour of development of the industrial infrastructure in the state has identified area to an extent of 100 acres at Sector-24, Yamuna Expressway Industrial Development Area for development of a Greenfield Electronic Manufacturing Cluster.



**Key Advantages of Yamuna Expressway Industrial Development Area:**

- The region is located in close proximity of the intersection of Western and Eastern Dedicated Freight Corridors and is also the gateway to the Delhi-Mumbai Industrial Corridor (DMIC).
- Integrated Industrial Township envisaged with provision of top class facilities such as multi modal transport hub, comprehensive built in environment to enable the setting up of Electronics, Automobile, Food Processing, Bio-tech, IT/ITeS and R&D businesses with energy efficient design for waste treatment and excellent potable water through linkage with huge network of canals that are passing through the area.

**2.2 About the Project**

DietY, GoI has granted in-principle approval to the proposed Greenfield Electronic Manufacturing Cluster (EMC) at Sector-24, Yamuna Expressway Industrial Development Area. The EMC is aimed at providing one stop integrated facilities with manufacturing support, welfare and common infrastructure facilities to the prospective electronics manufacturing industries. The EMC is envisaged to house world class eco system for electronics manufacturing industries.

**M/s. Lava International Limited shall be setting-up an Anchor Unit in this proposed Greenfield EMC at Sector-24, Yamuna Expressway Industrial Development Area.** For development of the EMC, UPLC will be the chief promoter, forming a SPV with M/s Lava International Limited and atleast 6 other EMC units.

DeitY, GoI will provide financial assistance by the way of grant-in-aid to the SPV. The assistance will be restricted to 50% of the project cost subject to a ceiling of Rs 50 Crore for every 100 acres of land. The remaining project cost will be financed by other stakeholders of the EMC with a minimum industry contribution of 25% of the project cost.

### **2.3 Project Structure**

The project is envisaged to be developed under the EMC Scheme set out by DeitY, Ministry of Communication & Information Technology, Government of India.

The salient features of EMC Scheme for implementation of the project are set out below.

- Implementation of scheme will be through a Special Purpose Vehicle (SPV) which will carry out the business of developing, operating and maintaining the infrastructure, amenities and other common facilities created in EMCs.
- The guidelines for the institutionalization of SPV set out in the Government of India notification dated January 30, 2014 are as set out below:
  - The constituent units including industry associations, FIs, Banks, Academic / R&D institutions, Government Agencies and the Chief Promoter and other investors may form the SPV.
  - At least 7 of the EMC units should be on the Board of Directors of the SPV.
  - Wherever the SPV is with participation of Government / Government Agency (State / Local), there shall be atleast one representative of the concerned Government or its agency on the board of directors of the SPV and any change in the equity structure shall be with the prior approval of the relevant Government.
  - Any changes in the equity structure of the SPV, in spite of whether Government or its agency participates as equity partner in the SPV, shall have prior approval of Department of Electronics and Information Technology, Ministry of Communication and Information Technology, Government of India.
  - The EMC units must hold 51% of the share capital of the SPV with no single unit owning more than 25% of the share capital. This requirement is to be fulfilled either at the time of application for assistance or within a specified time period.

### **2.4 Incentives being offered by State Government**

Uttar Pradesh Government is offering number of incentives as per its Electronics Manufacturing Policy 2014:

#### **Incentives applicable to Electronic Manufacturing Clusters**

- Rebate of 25% on the prevailing sector rates shall be provided either to EMC SPV or the companies within the EMC on purchase of land from state agencies

- State Government shall provide a subsidy equivalent to 50% of the grant provided by DeitY, GoI in terms of the cost incurred in developing infrastructure facilities (roads, power, water, testing facilities, social infrastructure etc.) for Electronic Manufacturing Cluster development

#### **Other Incentives applicable to ESDM units**

- A capital subsidy of 15% on fixed capital other than land subject to maximum of INR 50 million shall be provided
- An interest subsidy of 5% per annum for a period of 7 years on the rate of interest paid on the loans obtained from Scheduled Banks/Financial Institutions shall be reimbursed subject to a maximum of INR 1 Crore per unit
- 100% exemption of stamp duty on purchase/lease of land for the establishment of Electronic Manufacturing Clusters
- Reimbursement of upto 50% of actual filing costs subject to a maximum of INR 100,000 for domestic and INR 500,000 for international patents applicable for MSME units
- 100% tax reimbursement on VAT/CST subject to a maximum of 100% of fixed capital investment other than land (such as building, plant, machinery, testing equipment etc.) for a period of 10 years
- Electronics Manufacturing Units with proposed investment of more than INR 200 crores shall be considered for special incentives over and above the mentioned incentives in terms of rebate on land and power to be decided by the empowered committee.

### **3. Way Forward - Application and Evaluation Process**

UPLC has issued an EOI for inviting Organization, Joint ventures, consortiums having experience in Electronic Manufacturing Sector to become a part of SPV specifically for the development, operation and management of cluster and for setting up unit in this EMC.

#### **3.1 Who can Apply (Eligibility Criteria)**

An Applicant interested in submitting the EOI shall fulfil the following:

- (A) The Applicant may be a single entity or a group of entities (the "Consortium"), coming together. The term Applicant used herein would apply to both a single entity and a Consortium.
- (B) The Applicant shall have technical expertise and/or operational experience in Electronic Manufacturing Sector.
- (C) The Applicant or the lead member of the Consortium, as the case may be, shall have a turnover of at least Rs. 10 crore (Rupees Ten Crore) in each of the past 3 (three) financial years (i.e. 2012-13, 2013-14 and 2014-15).

#### **3.2 How to Apply**



Interested organizations/consortiums who meet the above eligibility criteria are requested to submit EOI providing following details at UPLC office on or before **15:00** Hours on **20-11-2015**:

□ Details of the company/each member of the consortium

- Audited annual accounts of the company/all the consortium members (including P&L account, balance sheet) for past 3 financial years (2011-12, 2012-13 and 2013-14)
- Details of the technical expertise and operational experience in Electronic Manufacturing Sector with details of existing unit/project including:
  - a) Name and location of the Unit/Project
  - b) Date of Establishment (*DD/MM/YYYY*)
  - c) Commercial Operations Start Date (*DD/MM/YYYY*)
  - d) Land Area (in Acres)
  - e) No. of persons employed
  - f) Capital Cost (excluding land) (in Rs. Crore)
  - g) Cost incurred on land (in Rs. Crore)
  - h) Brief Description of the Unit/Project *describing sub-segment on which the unit focuses (electronic product/ electronic component / semiconductor design / electronic manufacturing services / any other).*
- Project Report for the unit proposed by Interested Entity. The project report shall comprise of details on the following:
  - a) Brief description of the project including:
    - i. sub-segment on which the unit/s will focus (electronic product/ electronic component / semiconductor design / electronic manufacturing services / any other),
    - ii. raw material and its sources,
    - iii. possible backward/intermediary/forward linkages of the proposed unit with the anchor unit which is to be established by M/s. Lava International Limited
    - iv. market for supply of finished goods, etc.
  - c) Land area required along with area break-up of the project components
  - d) Estimated project cost excluding the cost of land and debt requirements (if any)
  - e) Estimated Construction Period from the allotment date
  - f) Estimated Employment Generation
  - g) Support infrastructure requirements (including water requirements, power requirements, any other requirements)
  - h) Type of common facilities required, if any (testing labs, tool rooms, CAD/CAM, etc.)

- i) Classification of the Industry (Red / Orange / Green Category) as applicable in accordance with the Ministry of Environment & Forests guidelines.
- j) Business Plan with broad financial estimates including capital expenses (excluding land cost), O&M expenses, revenue streams, cash flows statement, P&L statement, etc. The Business plan shall be for the first 10 years from the allotment date.
- If the Applicant has previous experience of developing / operating / maintaining industrial clusters / areas / zones, etc, then supporting document / documentary evidence of such experience shall be attached with the EOI.

### 3.3 Pre-Eoi Conference

Pre-Eoi Conference of the prospective Applicants shall be convened at the below mentioned date, time and place. During the course of Pre-Eoi Conference, the prospective Applicants will be free to seek clarifications and make suggestions for consideration of UPLC. UPLC shall endeavor to provide clarifications and such further information as it may, in its sole discretion, consider appropriate for facilitating a fair and transparent Selection Process. The date, time and venue of Pre-Eoi Conference shall be:

Date : **05-11-2015**  
Time : **12:00 hours**  
Venue : **Yamuna Expressway Industrial Development Authority**  
First Floor, Commercial Complex, P-2, Sector-Omega I,  
Greater Noida, Gautam Budh Nagar, Uttar Pradesh

### 3.4 Where to Apply

All communications including the submission of Eoi should be addressed to:

Name : **Managing Director**  
Address : U. P. Electronics Corporation Limited (UPLC)  
10-Ashok Marg, Lucknow-226001  
Phone No. : 0522-2286808  
Fax No. : 0522-2288583  
Email : md@uplc.in; praveenuplc@gmail.com

### 3.5 Evaluation and Selection Process

A state level Empowered committee (the “**Empowered Committee**” or “**EC**”) under the chairmanship of Chief Secretary shall evaluate the Eois along with all the supporting documents / documentary evidence submitted by the Applicants.

The decision of the EC in the evaluation of Eoi shall be final. No correspondence will be entertained outside the process of evaluation with the EC. The EC reserves the right to reject any or all Eois.

Each EoI will be evaluated on case to case basis and would be ranked in order to prepare a list of selected Applicants. During the evaluation process the EC may ask for meetings/presentations with the Applicants to seek clarifications or conformations on their EoI. After selection, a Letter of Intent (the "LOI") shall be issued, in duplicate, by UPLC to the Selected Applicant/s and the Selected Applicant/s shall, within 7 (seven) days of the receipt of the LOI, sign and return the duplicate copy of the LOI in acknowledgement thereof. In the event the duplicate copy of the LOI duly signed by the Selected Applicant/s is not received by the stipulated date, UPLC may, unless it consents to extension of time for submission thereof, cancel the LOI. After acknowledgement of the LOI as aforesaid by the Selected Applicant/s, the process for formulation of SPV shall be initiated.

## 4. Annexures

### 4.1 Notification issued by DeitY on EMC Scheme

**MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY**  
**(Department of Electronics and Information Technology)**

**NOTIFICATION**

New Delhi, the 22nd October, 2012

**Subject : Electronics Manufacturing Clusters (EMC) Scheme to provide world-class infrastructure for attracting investments in the Electronics Systems Design and Manufacturing (ESDM) Sector.**

**F. No. 8(50)/2011-IPHW.—1. Background and Objective :**

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. Semiconductors are at the heart of any electronic system and constitute a significant part of the total value of the Bill of Material (BOM). One of the main impediments in the way of attracting investments for manufacture of semiconductors, components and electronic products is lack of availability of good and reliable infrastructure. Government proposes to offer a package of incentives to attract domestic and global investments into the Electronics Systems Design and Manufacturing (ESDM) sector within Electronics

4250 9712-2

Manufacturing Clusters (EMCs) as a means to minimizing the disabilities. In conjunction with the said incentives, it is imperative to ensure that world-class infrastructure and facilities be provided in these EMCs to attract investment and to provide a level playing field. This requirement has also been projected in the report of the Task Force on IT/ITES and Electronics Hardware Manufacturing.

Accordingly, Government has decided to offer financial support for the development of EMCs. It is expected that 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 increasing employment opportunities and tax revenues.

## **2. Electronics Manufacturing Clusters (EMCs)**

2.1.1 The financial assistance for setting up EMCs will be for both Greenfield EMCs and Brownfield EMCs. For the purpose of the scheme –

a) Greenfield EMC 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.

b) Brownfield EMC would be a geographical area where a significant number of existing ESDM units are located and the focus is on upgrading infrastructure and providing common facilities for the ESDM units.

2.1.2 The proposed EMCs may use Information Technology Investment Regions (ITIRs) infrastructure, wherever available

2.2.1 The implementation of the scheme will be through a Special Purpose Vehicle (SPV) which will carry out the business of developing, operating and maintaining the infrastructure, amenities and other common facilities created in the EMCs.



2.2.2 All proposals for assistance under the EMC scheme shall be considered by a Steering Committee for Clusters (SCC) to be constituted by the Department of Electronics and Information Technology (DeitY). The SCC will consider the proposals under EMC scheme and submit its recommendations to the competent authority for approval. The competent authority shall consider such recommendations and grant approvals.

2.2.3 For effective functioning of the SCC, a set of guidelines shall be drawn up by DeitY and issued separately.

2.3 The SPV would be a legal entity (Company or Society) duly registered for this purpose. The SPV may be promoted by private companies, industry associations, financial institutions, R&D institutions, State or Local governments or their agencies and units within the EMC. The SPV should consider including an academic/research institution to be part of the proposed SPV for suitable academic-industry linkages. The PPP model suitable for the SPV would be finalized in consultation with the Department of Economic Affairs, Ministry of Finance.

3.1 The illustrative list of eligible activities under the EMC scheme is at **Annexure.**

#### **EMC Financial Assistance**

4.1 The financial assistance will be by the way of grant-in-aid (not equity) to the SPV.

4.2.1 For Greenfield EMCs the assistance will be restricted to 50% of the project cost subject to a ceiling of Rs. 50 crores for every 100 acres of land. For larger areas, pro-rata ceiling would apply. For lower extent, the extent of support would be decided by the SCC subject to the ceiling of Rs. 50 crores. The remaining project cost will be financed by other stakeholders of the EMC with a minimum industry contribution of 25% of the project cost.

4.2.2 For Brownfield EMCs the assistance will be restricted to 75% of the project cost subject to a ceiling of Rs. 50 crores. The remaining project cost will be financed by other stakeholders of the EMC with a minimum industry contribution of 15%.

4.2.3 The administrative expenses would be restricted to 3% of the Central assistance in the project. Expenses towards preparation of Detailed Project Report (DPR) would also be considered a part of the project cost.

#### **EMC Project Preparation, Appraisal and Release of Funds**

5.1 The project proposal may include common facilities and infrastructure for the specified EMC. The SPV may actively involve support institutions like R&D institutions, financial institutions, State and local Governments wherever necessary. A detailed project proposal supported by data, surveys, projections and feasibility on growth potential of the EMC will be submitted to the SCC.

5.2 The project will be appraised by the SCC with the help of a reputed and independent financial institution/consultant on the structuring of SPV and the financial viability of the project.

5.3 The selection/location of the EMC to be taken up under the scheme will be approved by the SCC.

5.4.1 The release of funds will be project specific and on pari-passu basis.

5.4.2 The funds would be released directly to the SPV on receipt of utilization certificate and actual physical progress.

5.4.3 Funds will be kept in a separate account, which will be audited.

5.4.4 However, initial contribution of the Central Government @ 30% of the Central Government share will be released after sanction of the project.

5.5 The SPV will be responsible for operation and maintenance of assets created under the scheme by way of collecting user charges.

**Applicability of National Manufacturing Policy**

6.1 The National Manufacturing Policy shall be applicable to Greenfield EMCs which would fall within the National Investment and Manufacturing Zones (NIMZs). Necessary orders will be issued in this regard separately.

6.2 A collection of EMCs, geographically outside of proposed NIMZs may be treated as a single virtual NIMZ for governance purposes. Necessary orders in this regard will be issued separately.

7.1 The scheme will be open for applications for five years from the date of notification. Further period of five years shall be available for disbursement of funds to the approved applicants. The applications received under the scheme will be appraised on an ongoing basis.

4252 G 9/12-3

7.2 The Department of Electronics and Information Technology or an agency nominated by it will periodically monitor and review the progress of the scheme, carry out an independent evaluation of the scheme to assess among other things, the period for which the assistance under the scheme may be made available, issue guidelines for implementation of the scheme, conduct periodic reviews and propose amendments etc. to the scheme.

Dr. AJAY KUMAR, Jt Secy.

**Annexure**

**An illustrative list of eligible activities under the EMC scheme**

**Basic Development**

1. Boundary Wall
2. Internal Roads
3. Street Lighting
4. Storm Water Drains

**Essential Services**

1. Government Support Office
2. Water Treatment Plant
3. Sewage Lines/ Treatment
4. Waste Disposal /Recycling/Water Harvesting
5. Electricity Sub-Station / Distribution
6. Backup Power Plant
7. Warehousing



**Welfare Services**

1. Employee Hostel & Mess
2. Hospital and ESIC
3. Recreational Facility Playground Clubhouse
4. Creche / Nursery
5. Local Shopping Centre
6. Restaurants
7. Educational Facilities

**Support Services**

1. Centre of Excellence (R&D, Incubation and Consultancy Services)
2. Training Facility /IT
3. Auditorium & Conference Facility
4. Video Conferencing
5. IT Infrastructure / Telecom
  - Broadband Connectivity
  - Cloud Computing
  - ERP/ Factory Management System

**Manufacturing Support (Proposed - Flatted Factory Complex)**

1. Tool Room
2. CAD/CAM Design House
3. Plastic Moulding
4. Sheet Metal Stamping
5. Packaging / Epoxy Suppliers
6. Testing and Certification Facility
7. Component Testing:
  - Safety, Life Test, Reliability, Electrical & mechanical properties
  - RoHS Testing
  - EMI / EMC Testing

**Government Regulatory Support / Services**

1. Development Commissioner / Designated Officer
2. Tax Support/ Filing
3. Factory / Labour Compliance Support
4. Pollution Control

\*\*\*\*\*

**4.2 Guidelines issued by DeitY on EMC Scheme**

File No: 8(50)/2011 - IPHW  
Government of India  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

No.8 (50)/2011-IPHW

Dated: April 15, 2013

**Guidelines for Electronics Manufacturing Clusters (EMC) Scheme to provide world-class infrastructure for attracting investments in the Electronics Systems Design and Manufacturing (ESDM) Sector**

- References:**
1. Electronics Manufacturing Clusters (EMC) scheme Notification No.252 dated 22.10.2012 in Part-I, Section 1 of the Gazette of India (Extraordinary) [F.No.8 (50) – IPHW]
  2. Modified Special Incentives Package Scheme (M-SIPS) Notification No.175 dated 27.07.2012 in Part-I, Section 1 of the Gazette of India (Extraordinary) [F.No.24 (10) – IPHW]
  3. Guidelines for operation of M-SIPS scheme notified on 7.10.2012 [F.No.27 (3)/2012-IPHW]
  4. Guidelines for notifying Brownfield Clusters under M-SIPS scheme dated 14.01.2013 [F. No. 36(3)/2012 –IPHW]

**1. Background**

- 1.1. The Electronics Manufacturing Clusters (EMC) Scheme has been notified vide Notification No.252 dated 22.10.2012 in Part-I, Section-1 of the Gazette of India (Extraordinary) [F.No.8 (50) –IPHW], hereinafter referred to as the 'Scheme'. In pursuance of paragraphs 2.2.3 and paragraph 7.2 of the Scheme, the following guidelines are being issued for effective functioning of the Steering Committee for Clusters (SCC) and for implementation of the scheme.

**2. Definitions**

- 2.1. **Applicant:** Applicant is a legal entity making a preliminary or a final application.
- 2.2. **Brownfield EMC:** A Brownfield EMC means a geographical area where a number of existing ESDM units are located and so notified by DeitY under the guidelines for notifying Brownfield EMCs cited as reference 4 above.

File No: 8(50)/2011 - IPHW  
Government of India  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

- 2.3. **Chief promoter:** Chief Promoter for the purpose of the Scheme is a legal entity which initiates the proposal for a project in a Brownfield or a Greenfield Electronic Manufacturing Cluster and takes such steps as are necessary for getting the project approved under the Scheme, getting the SPV formed and entrusting the project to an SPV in accordance with the Scheme and guidelines issued there under. A Chief Promoter may be an individual, registered company or society, industry association, financial institution, R & D institution, State or Local government or their agencies or a unit /units within the EMC.
- 2.4. **Electronics Manufacturing Cluster:** Electronics Manufacturing Cluster (EMC) means either a Greenfield EMC or a Brownfield EMC notified under the guidelines cited as reference 4 or a Greenfield EMC as notified under clause 6.8(iii) of these guidelines. Typically an EMC would be identified for an electronics product / product category.
- 2.5. **Final Application:** An application submitted by an applicant in the format for Final Application prescribed under these Guidelines seeking final approval for a project.
- 2.6. **Financial Closure :** Financial Closure for the purpose of the Scheme means:
  - a. A formal sanction letter from the bank
  - b. Legally binding commitment from equity providers/ others to provide or mobilize funds towards the equity/ project.
  - c. Legally binding commitment of the funding from the internal accounts, in case of an application by the chief promoter /SPV already in existence.
- 2.7. **Greenfield EMC:** A Greenfield EMC is an Electronics Manufacturing Cluster so notified under clause 6.8(iii) of these Guidelines.
- 2.8. **Preliminary application:** An application submitted by an applicant in the format of Preliminary Application prescribed under these Guidelines containing requisite information, along with supporting documents and application fee, seeking in-principle approval for a project
- 2.9. **Processing area:** Processing activity would include all common facilities and physical infrastructure directly serving the production units such as R&D centre, tool rooms, training



File No: 8(50)/2011 - IPHW  
Government of India  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

centre, captive power generation etc. Services/ facilities listed under basic development, essential services, support services, manufacturing support at Annexure 2 shall typically be included under processing area.

Area in which a processing activity is located will be termed as processing area. SCC shall decide whether a particular activity/ component of a project is processing or not

- 2.10. **Non –Processing area:** The activities not included in processing shall be designated to be non-processing. The area in which non-processing activities are located shall be non-processing area.
- 2.11. **Project:** A Project for the purpose of these Guidelines would be the proposal for which financial assistance is sought under the scheme as per an application submitted.
- 2.12. **Special Purpose Vehicle (SPV):** An SPV for the purposes of the Scheme shall be a legal entity (Company or Society) duly constituted as per the structure specified by the Department of Electronics and Information Technology with the objective of establishing an EMC by way of development of the requisite common infrastructure and facilities within the scope of the EMC Scheme notified through the reference 1<sup>st</sup> above.
- 2.13. **Steering Committee for Clusters (SCC):** A Committee constituted in accordance with paragraph 2.2.2 of the Scheme. Its constitution is at **Annexure I**.

### **3. Scope:**

- 3.1. These guidelines outline the procedure for providing financial assistance to projects in Greenfield and Brownfield EMCs under the Scheme.
- 3.2. The broad objective of financial assistance under the Scheme is as follows;

File No: 8(50)/2011 - IPHW  
Government of India  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

- 3.2.1. To provide assistance for setting up of "Greenfield EMCs" and upgradation of "Brownfield EMCs" with world class logistics and infrastructure and easy to do business facilities
- 3.2.2. To support development of appropriate infrastructure to support the EMCs including development of logistics hub, port-to-factory linkages, roads and highways etc.
- 3.3. An indicative list of eligible activities for which the financial assistance under the Scheme is available is at **Annexure 2**. The SCC may however include any activity which in its opinion would serve towards achieving the objective of the Scheme as mentioned in Clause 3.2 above.
- 3.4. Each EMC shall have a separate SPV for implementation and management of the project.
- 3.5. The cost of land and the cost of buildings of individual units shall not be eligible for support under the Scheme.

#### **4. Preliminary Application**

- 4.1. The process for seeking assistance under the Scheme for a Greenfield EMC shall be initiated either by a Chief Promoter or by an SPV, and in case of a Brownfield EMC by an SPV only.
- 4.2. Applicant may make multiple Preliminary Applications for same EMC provided that the ceiling of financial assistance for an EMC, as prescribed in the Scheme is not exceeded. Multiple preliminary applications can be made wherever there is phase wise implementation of various activities of the EMC.
- 4.3. A Preliminary Application, complete in all respects and seeking in-principle approval of a project shall be made by a Chief promoter or by the SPV for the project in application form provided in **Annexure 3**. The Preliminary Detailed Project Report attached with the Preliminary Application shall be as per format given in **Annexure 4**

File No: 8(50)/2011 - IPHW

Government of India

Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

- 4.4. A Preliminary Application shall be made based on a feasibility study of the project requirements and infrastructure within the identified EMC, based on demand and potential of electronics products /product category to be manufactured.
- 4.5. The SCC shall consider the preliminary application for grant of in-principle approval towards fulfillment of the project parameters as per the Scheme and the guidelines and if so satisfied, grant in principal approval. The format of in-principle approval letter is given at **Annexure 5**.
- 4.6. A non-refundable Application Fee would be payable along with each Preliminary Application. The Application Fee would be payable in the form of a crossed Demand Draft made in favor of "Pay and Accounts Officer, Department of Electronics and Information Technology, New Delhi" payable at New Delhi from a scheduled bank. The Application Fee payable would be notified by the Department of Electronics and Information Technology separately.
- 4.7. A Preliminary Application, complete in all respects and received before the expiry of the Scheme will be appraised on an ongoing basis and considered for approval as per timelines given in Clause 11 of these guidelines.
- 4.8. The Department of Electronics and Information Technology would notify a Nodal Officer (EMC), for receiving applications under the Scheme. All applications including Preliminary and Final applications will be submitted to the Nodal Officer (EMC), Department of Electronics and Information Technology, New Delhi through the portal <[www.deity.gov.in](http://www.deity.gov.in)>. In case, the aforementioned portal is not available, the applications may be submitted in physical form to Nodal officer (EMC), Department of Electronics & Information Technology, Electronics Niketan, 6 CGO Complex, Lodhi Road, New Delhi – 110003.
- 4.9. Upon successful submission of the Preliminary Application, Nodal Officer, Department of Electronics and Information Technology will issue a unique Application ID and password, to the applicant for all future references. The status of the application may be tracked on the online portal by using the above ID and password. All future correspondences on the subject must refer to this unique ID.

File No: 8(50)/2011 - IPHW  
Government of India  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

- 4.10. The Department of Electronics and Information Technology would separately issue detailed instructions for the use of online portal.

**5. Project Parameters**

- 5.1. Only those preliminary applications involving projects with financial assistance of Rs. 10 crore or more from the Government shall be considered.
- 5.2. In a Greenfield EMC, a minimum 80% of the land has to be allotted to processing area. A maximum of 20% of the land may be allotted for non processing area.
- 5.3. The applicant shall specify the minimum committed investment by the constituent units, as part of the preliminary application. The minimum committed investment by the constituent units of the EMC should not be less than four times the assistance sought under the scheme.
- 5.4. 75% investment in the cluster should be related to units which are manufacturing electronics products as mentioned in M-SIPS Guidelines cited as reference 2 above.
- 5.5. The Government grant in processing area would be maximum 50% of the project and in Non-processing area it would be a maximum of 20%.
- 5.6. For Greenfield EMCs the assistance will be restricted to 50% of the project cost subject to a ceiling of Rs. 50 crores for every 100 acres of land. For larger areas, pro-rata ceiling would apply. For lower extent, the extent of support would be decided by the SCC subject to the ceiling of Rs. 50 crores. The remaining project cost will be financed by other stakeholders of the EMC with a minimum contribution of 25% of the project cost from the units within the EMC.
- 5.7. For Brownfield EMCs the assistance will be restricted to 75% of the project cost subject to a ceiling of Rs. 50 crores. The remaining project cost will be financed by other stakeholders of the EMC with a minimum contribution of 15%, from the units within the EMC.
- 5.8. The administrative expenses would be restricted to 3% of assistance in the project. However, the administrative expenses shall only be provided to an SPV and not to the Chief Promoter.

File No: 8(50)/2011 - IPHW  
Government of India  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

Expenses towards preparation of Detailed Project Report may be included as a part of the administrative expenses.

- 5.9. Government assistance should not exceed twenty-five per cent. of approved administrative expenditure on pay and allowances of the SPV

#### **6. Final Application**

- 6.1. An applicant must submit the Final Application within 6 months of the issue of in-principle approval.
- 6.2. The SCC may grant such extension to the applicant, to make Final Application as considered necessary in the best interest of the Scheme.
- 6.3. No Final Application shall be made unless the following activities relating to the project have been completed.
- i. The land for the Project has been procured and is under the possession of the applicant
  - ii. Detailed Project Report including detailed estimates for of project components proposed and their economic feasibility. Estimates shall be based on CPWD schedule of rates, wherever available. Wherever CPWD schedule of rates is not available the rates shall be based on the market rates.
  - iii. Financial Closure of the Project. The applicant should have a formal sanction letter from a scheduled bank. Before release of second installment by DeitY, first disbursement from the Bank should have been released.
  - iv. State of readiness for implementation of the Project and clearly defined timelines for completion of project components.
- 6.4. A Final Application may be made by the Chief Promoter or the SPV as per Final Application Form at **Annexure 6**. The Final Application should be accompanied by Final Detailed Project Report as per format at **Annexure 7**.



File No: 8(50)/2011 - IPHW

Government of India

Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

- 6.5. The SCC shall consider the Final Application and make appropriate recommendations regarding approval of the application to the Department of Electronics and Information Technology for seeking approval of the Competent Authority.
- 6.6. The SCC may seek additional information, as necessary for making its recommendation to the Department of Electronics and Information Technology.
- 6.7. The SCC may seek such technical advice from technical experts, as necessary for its consideration. The SCC may, if necessary, constitute a Technology Advisory Committee for assisting it on technology related matters.
- 6.8. The SCC, in its recommendations, will clearly state
  - i. The name of the applicant/SPV
  - ii. Location details of the proposed Project
  - iii. Location of the Greenfield EMC and recommendation to notify it so.
  - iv. Sector for which the Project in the EMC is proposed.
  - v. Project components wise: Estimated costs and financial assistance recommended
  - vi. Timelines for formation of SPV, if Final Application is by Chief Promoter
  - vii. Project Component wise timelines for implementation of the Project
  - viii. Monitoring arrangement till the constitution of the SPV and representation of the Government on the SPV
  - ix. Terms and conditions of approval
  - x. Such other things as SCC may deem fit
- 6.9. The approval for the project shall be conditional and the Chief Promoter shall be required to refund, with interest, any assistance taken, if the SPV as proposed is not constituted within the stipulated time period or if any assistance in the form of advance is not utilized for its intended purpose or if any of the terms of the scheme or guidelines are violated.
- 6.10. After incorporation of the SPV, any further project implementation and management shall be done by the SPV only and not by the Chief Promoter.



File No: 8(50)/2011 - IPHW

Government of India

Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

- 6.11. Final approval of a project under the scheme would be communicated as per format provided at **Annexure 8**
- 6.12. If the Final Application is made by the Chief Promoter, he/she shall indicate a timeline within which the SPV shall be formed. The SCC, shall, while approving the project, also approve the timeline for constitution of the SPV. However, in no case shall the time period allowed for constitution of the SPV shall be more than 24 months from date of issue of final approval. Failure to formation of SPV within the allowed time, Chief promoter will have to refund the entire amount released along with interest as prescribed and the approval of the project shall stand to be cancelled.
- 6.13. The initial contribution of the Central Government @ 20% of the grant-in-aid shall be given as advance to the Chief Promoter/ SPV with suitable guarantees and warranties. Any subsequent release will be made only to the SPV subject to providing reasonable evidence of proper utilization of installments released earlier. Any grant-in-aid will be released after the Chief Promoter or the SPV has deposited an equivalent amount in the escrow account and has submitted a bank guarantee from a nationalized bank equivalent to 1.25 times of the amount sought as grant-in-aid. The Bank Guarantee shall be for an amount of 1.25 times of the outstanding amount of the grant-in-aid at all times till the grant-in-aid is fully utilized. Provided further that in case the project is not completed as per the approval the Government will have the right to recover entire amount released as grant-in aid along with the interest and penalties.

## **7. Project Management Unit**

- 7.1. A Program Management Unit (PMU) will be established by the Department of Electronics and Information Technology to assist in processing and appraising the Preliminary Applications and the Final Applications received under the Scheme.
- 7.2. The PMU, the SCC or the Department of Electronics and Information Technology may seek additional information from the applicant as felt necessary for considering the Preliminary Application or the Final Application. Failure to provide information sought within the specified time-period will make the application liable for rejection.
- 7.3. The PMU will prepare a detailed appraisal note for consideration of SCC.

File No: 8(50)/2011 - IPHW  
Government of India  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

**8. Land ownership in EMC**

- 8.1. The Scheme supports any of the following different models of land ownership for an EMC
  - 8.1.1. The land for the EMC and the Project is owned by the applicant.
  - 8.1.2. The land for the Project is owned by the applicant but the remaining land for the EMC is not owned by the applicant. In such cases, it is for the applicant to demonstrate his ability to meet the terms of scheme and guidelines with the involvement of the constituent units in the EMC.
  
- 8.2. The land for the EMC or the project may be acquired by the applicant through one of the following modes:
  - 8.2.1. Outright purchase or long lease from private parties
  - 8.2.2. Sale (outright or conditional), or long lease of land by Central or State or Local Government or its agency
  - 8.2.3. Central or State or Local Government or its agency participating as equity partner in the SPV wherein the cost of land is provided as its share.
    - 8.3.2.1 In such cases (covered in 8.2.3 above), to protect interest of the concerned Government, the following additional conditions shall apply.
    - 8.3.2.2 There shall be at least one representative of the concerned Government or its agency on the board of directors in the SPV.
    - 8.3.2.3 Any change in the equity structure of the SPV shall be effected only with the prior approval of the concerned Government.

**9 Project Implementation**

- 9.1 The chief promoter and the SPV (when constituted) shall make all endeavor to complete the Project within the timelines agreed to in the approval.
  
- 9.2 An applicant or the SPV may make requests for extension of time for implementation of the Project. Such requests may be considered by the SCC. SCC may grant extension as deemed necessary in the best interests of the Project. However, no Project shall be granted time beyond a period of five years from the date of approval for its completion.

File No: 8(50)/2011 - IPHW  
Government of India  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

**10 Project Monitoring and Evaluation**

- 10.1 For promoting transparency, details of all projects approved under the Scheme including location details, project components and the estimated costs, timelines, etc. shall be made available on the website <[www.deity.gov.in](http://www.deity.gov.in)>
- 10.2 The Department of Electronics and Information Technology shall review the progress of the projects under the scheme on quarterly basis through a Project Review Committee (PRC) constituted by DeitY for this purpose. The constitution of the Project Review Committee (PRC) for this purpose is given at Annexure-9 of these guidelines.
- 10.3 Before disbursement of financial assistance, the applicant shall enter into an Agreement with the Department of Electronics and IT spelling out clearly the deliverables, timelines and proposed guarantees and warranties of the same. If the applicant is a Chief Promoter, it shall also undertake to bind the SPV to honor the terms of the agreement, as and when the same is constituted.
- 10.4 Every successive installment of financial assistance must be conditional upon the Chief promoter/SPV providing reasonable evidence of proper utilization of installments released earlier. Any such release of installments of Grant-in –Aid will be subject to recommendation of the Project review Committee.
- 10.5 In the event of cancellation / Termination of project of any applicant under the EMC Scheme, the time limit for the refund of grant, along with interest/ penalties, would be determined by DeitY appropriately at that point of time.
- 10.6 For all bank assisted projects before release of second installment by DeitY, first disbursement from the bank should have been released. If the project is being funded without bank finance, the binding commitment for full release funds should be provided.
- 10.7 Government may require that any special terms and conditions may be incorporated in the Agreement Articles of Association or bye-laws of the SPV.

File No: 8(50)/2011 - IPHW  
 Government of India  
 Ministry of Communications and Information Technology  
 Department of Electronics and Information Technology

**11 Timelines**

11.1 The following timelines are indicated with regard to appraisal and approval of the Project:

Event	Timeline in days
Submission of Preliminary Application	A
Response to applicant for required information (if any)	A + 2
Receipt of completed Preliminary Application in Department of Electronics and Information Technology	T
Issue of acknowledgment along-with Application Id	T + 2
Preparation of appraisal report by PMU	T + 9
Internal appraisal by Department of Electronics and Information Technology	T + 16
Placing appraisal note for consideration of SCC	T + 30
Circulation of Minutes of Meeting (MoM) of SCC	Within 7 days of SCC meeting
Communication of in-principle approval to applicant	Within 7 days of approval from SCC
Submission of Final Application by SPV	B
Response to applicant for required information (if any)	B + 2
Receipt of completed Final Application in Department of Electronics and Information Technology	S
Issue of acknowledgment	S + 2
Preparation of appraisal report by PMU	S + 16
Internal appraisal by Department of Electronics and Information Technology	S + 23
Placing appraisal note for consideration of SCC	S + 30
Circulation of Minutes of Meeting (MoM) of SCC	Within 7 days of SCC meeting
Preparation and circulation of SFC / EFC note	Within 7 days of release of MoM of SCC meeting


File No: 8(50)/2011 - IPHW  
Government of India  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

**11.2 Note:**

- a. 'A' is date of submission of preliminary application
- b. 'T' is date of submission of complete preliminary application. For cases, where the complete application is submitted at the first instance and no further information or update is required from applicant, 'A' and 'T' will be same
- c. 'B' is date of submission of final application
- d. 'S' is date of submission of complete preliminary application. For cases, where the complete application is submitted at the first instance and no further information or update is required from applicant, 'B' and 'S' will be same

**12 Miscellaneous**

- 12.1 The Department of Electronics and Information Technology may issue supplementary guidelines from time to time for the smooth implementation of the Scheme.
- 12.2 The final decision on approval of the financial assistance to the EMC Clusters rests with Department of Electronics and Information Technology
- 12.3 As per para 7.1 of Scheme, EMC Scheme will be open for receiving applications for five years from date of notification, i.e. till 21.10.2017.

  
(Dr. Ajay Kumar)  
Joint Secretary to Government of India  
Tel: 24360160

New Delhi, Dated 15<sup>th</sup> April 2013

Copy to:

1. All Concerned Ministries / Departments of Government of India
2. All State Governments
3. Cabinet Secretariat
4. PMO
5. Planning Commission
6. Comptroller and Auditor General of India
7. AS&FA, Department of Electronics and Information Technology
8. Internal circulation



File No: 8(50)/2011 – IPHW (Vol.-IV)-Pt-1

Government of India  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

No: 8(50)/2011 – IPHW (Vol.-IV)-Pt-1

Dated: 11<sup>th</sup> December, 2014

**Subject: Supplements/ Amendment to Guidelines for Electronics Manufacturing Clusters (EMC) Scheme to provide world-class infrastructure for attracting investments in the Electronics Systems Design and Manufacturing (ESDM) Sector**

- References:**
1. Electronics Manufacturing Clusters (EMC) scheme notified vide Notification No.252 dated 22.10.2012 in Part-I, Section 1 of the Gazette of India (Extraordinary) [F.No.8 (50)/2011 –IPHW].
  2. Guidelines for Electronics Manufacturing Clusters (EMC) Scheme issued vide F.No No.8 (50)/2011-IPHW on 15<sup>th</sup> April 2013.

In furtherance to clause 7.2 of the EMC notification cited at Reference 1 above and para 12.1 of the Guidelines for Electronics Manufacturing Cluster (EMC) Scheme dated 15<sup>th</sup> April 2013 cited at reference-2 above, the following supplementary guidelines and amendments are incorporated in the EMC guidelines.

2. The following supplements and amendments are herein under made to the EMC guidelines cited as reference 2 above:

Clause 6.13 of the EMC, Guidelines mentioned at reference -2 above is amended and supplemented as under:

**Clause no 6.13**

The grant-in-aid will be released after the Chief Promoter or the SPV has deposited an equivalent amount (in percentage terms) in the escrow account and on submission of a bank guarantee from a nationalized bank equivalent to 1.25 times of the amount sought as grant-in-aid. The Bank Guarantee shall be for an amount of 1.25 times of the outstanding amount of the grant-in-aid at all times till the grant-in-aid is fully utilized. Provided that:



File No: 8(50)/2011 – IPHW (Vol.-IV)-Pt-1

If the chief promoter / SPV is State Government/ Union Territory Government, or its agency, then it may submit a surety bond in lieu of a Bank Guarantee with an assurance of refunding an amount equivalent to 1.25 times of the Grant-In-Aid received from the Government of India. The surety bond will be valid till the completion of the project.

The release of second and subsequent instalments of grant-in-aid can also be released as reimbursement of the amounts already utilized by the SPV and fresh Bank Guarantee/Surety Bond would not be necessary in this case. However, the Bank Guarantee/ Surety Bond is applicable for the first instalment and it will have to be submitted at the time of release of the first instalment which shall remain valid till the completion of the project.

Clause 6.14 of the EMC is supplemented as under:

**Clause no. 6.14**

The initial contribution of the Central Government @ 20% of the grant-in-aid shall be given as advance to the Chief Promoter/ SPV with suitable guarantees and warranties as mentioned at clause 6.13. Any subsequent release will be made only subject to providing reasonable evidence of proper utilization of amount including installments released by DeitY and contribution made by the Chief promoter/ SPV/ Constituent units and others and fulfillment of applicable modalities.

Clause 6.15 of the EMC is supplemented as under:

**Clause 6.15**

In case the project is not completed as per the approval, the Government will have the right to recover entire amount released as grant-in aid along with the interest at Prime Lending Rate.

3. These amendments/ supplements come into force with immediate effect.



(Dr. Ajay Kumar)  
Joint Secretary to Govt. of India  
Tel: 24360160

New Delhi, Dated 11<sup>th</sup> December, 2014

No: 8(131)/2012-IPHW  
Department of Electronics and Information Technology  
(IPHW Division)

Dated: 30<sup>th</sup> January, 2014

Electronics Niketan, 6, CGO Complex  
Lodhi Road, New Delhi: 110003

**Subject: Notification of Guidelines for constitution of Special Purpose of Vehicle (SPV) for implementation of Electronics Manufacturing Clusters (EMCs).**

**Reference:**

- (i) Electronics Manufacturing Scheme (EMC Scheme) Notification No 252 dated 22nd October 2012 in Part-I, Section of the Gazette of India (Extraordinary) [File No. 8(50)2011-IPHW]
- (ii) Guidelines for operationlization of Electronics Manufacturing Clusters (EMC) Scheme to provide world-class infrastructure for attracting investments in the Electronics Systems Design and Manufacturing (ESDM) Sector dated 15<sup>th</sup> April 2013. [File No. 8(50)2011-IPHW]

The Government has notified the Electronics Manufacturing Clusters (EMC) Scheme vide Notification No.252 dated 22.10.2012 in Part-I, Section-1 of the Gazette of India (Extraordinary) [F.No.8 (50) –IPHW], hereinafter referred to as the 'Scheme', cited as reference (i) above, and the guidelines for operationlization of the EMC scheme have been issued on 15<sup>th</sup> April 2013, hereinafter referred to as the 'Guidelines', cited as reference (ii) above.

2. Each Electronics Manufacturing Cluster (EMC) will have a separate SPV, which will be responsible for implementation and management of the project.

3. The SPV as specified in paras 2.2.1, 2.3 of the scheme and clause 3.4 of the guidelines will have the following structure:

No: 8(131)/2012-IPHW  
**Department of Electronics and Information Technology**  
(IPHW Division)

- (i) Constituent units, (including industry associations) FIs / Banks, Academic / R&D institutions Government agencies and the chief promoter and other investors may form the SPV.
- (ii) At least 7 of the EMC units should be on the Board of Directors of the SPV.
- (iii) Wherever the SPV is with participation of Government/ Government agency (State / Local), there shall be at least one representative of the concerned Government or its agency on the board of directors in the SPV and any change in the equity structure shall be with the prior approval of the relevant Government.
- (iv) Any changes in the equity structure of the SPV, inspite of whether Government or its agency participates as equity partner in the SPV, shall have prior approval of Department of Electronics and Information Technology (DeitY), Ministry of Communications and Information Technology Govt. of India
- (v) The EMC units must hold 51% of the share capital of the SPV with no single unit owning more than 25% of the share capital This requirement is to be fulfilled either at the time of application for assistance or within a specified time period.

**4. Other requirements of the SPV:**

- (i) The chief promoter / SPV (as the case may be) will have to meet the specified requirements of investments in ESDM sector as per the approval from the Government in a period of 5 years (extendable by 3 years) from the Commercial Operation Date (COD) of the trunk/ core infrastructure, which will be stated in the approval letter. In case he fails to meet this requirement he will be required to repay all assistance with interest at Prime Lending Rate.

No: 8(131)/2012-IPHW  
Department of Electronics and Information Technology  
(IPHW Division)

(ii) DeitY will lay down a mechanism for third party certification for ensuring Proper utilization of funds and compliance to the terms and conditions of sanction. Chief promoter/ SPV will be required to abide by the same.

(iii) The Chief Promoter/ SPV shall publicly disclose the price at which the land is transferred to SPV/ Units.

(iv) Any change in promoter (s) of the SPV of an approved project shall be allowed only with the prior approval of the Department of Electronics and Information Technology.

4. This Notification comes into effect immediately.



(Dr. Ajay Kumar)  
Joint Secretary to Govt. of India,  
Tel: 24360160

New Delhi, Dated \_\_\_ January 2014

Copy to:

1. All Concerned Ministries / Departments of Government of India.
2. All Concerned State Governments.
3. Cabinet Secretariat.
4. PMO.
5. Planning Commission.
6. Controller and Auditor General of India.
7. JS & FA, Department of Electronics and Information Technology.
8. All Concerned Industry Associations.
9. Internal circulation.
10. DeitY Website



(Dr. Ajay Kumar)  
Joint Secretary to Govt. of India,  
Tel: 24360160

### **4.3 Terms and Conditions for the SPV**

*(Refer Annexure-8 of the EMC Scheme guidelines issued by DeitY on 15<sup>th</sup> April 2013)*

#### **A. General**

- a) The SPV, when formed, shall create an escrow Account with a Nationalized Bank and provide the details thereof to the Government of India. The Government of India shall enter into a tripartite agreement with the SPV and the Bank where the escrow account of the SPV is maintained for proper utilization of the central grant.
- b) The SPV shall ensure that minimum 80% of the land of the Electronic Manufacturing Cluster shall be allotted to processing area while remaining 20% of the land may be allotted for non-processing area
- c) The SPV shall ensure that a minimum of 75% units within the EMC should be from among the verticals covered under Modified Special Incentives Package Scheme
- d) The first installment of 20% of the approved Central grant will be released in advance. The subsequent installments will be released as mentioned below:
  - The second installment of 30% of Central grant will be released after utilization of 80% of first installment and proportionate contribution from Industry/ State Government/ Financial Institution.
  - The third installment of 30% of Central grant will be released after the utilization of 80% of the second installment and proportionate contribution from Industry/ State Government/ Financial Institution.
  - The final installment of 20% of Central grant will be released after successful completion of the project
- e) The Government of India's disbursement will be effected to the escrow account only when proportionate contribution from the SPV is deposited in the escrow account. All the payment to the SPV will be released in accordance to clause 6.13 of the EMC Guidelines. The deposits in the escrow account shall be utilized only for authorized expenditure for the approved project.
- f) The grant sanctioned by the Government of India would be utilized only for the project components mentioned in the approval letter from DeitY.
- g) Enhancement in the cost of the individual project components will be the responsibility of the SPV. The SPV shall arrange additional funds, if any required, to meet time and cost overruns. The Central grant for the purposes shall be limited to amount approved by the DeitY as per the Final Approval.
- h) In event of reduction of cost in a project component, the Central grant shall automatically get reduced on pro-rata basis for the said project component.

---

***Greenfield EMC at Sector-24, Yamuna Expressway Industrial Development Area, Uttar Pradesh***

- i) It shall be the responsibility of the SPV to obtain necessary approvals and clearances as applicable before implementation.
- j) The SPV shall submit the "Utilization Certificate" on the basis of audit done by Chartered Accountant and after the acceptance of the same by its Board of Directors.
- k) The SPV shall maintain subsidiary accounts of the Government grant and furnish to the Accounts Officer a set of audited statement of accounts. These audited statements of accounts should be furnished after utilization of grant-in-aid or whenever called for.
- l) The SPV shall undertake all procurement of goods, equipment and services or any other item through a transparent and competitive procurement process. Appropriate performance guarantees should be built in the agreement to ensure timely and good quality delivery of goods and services procured.
- m) In case the Government of India is of the opinion that the implementation of the project or operation of the SPV is not satisfactory or in case of disputes amongst the Board members of the SPV, the Government of India would have the powers to effect a change in the management of the SPV or issue such directions as may be necessary. The articles of association of the SPV shall be suitably formulated and if required modified to enable the Government of India to enforce, if required the above conditions stipulated while sanctioning the grant.
- n) Any other special terms and conditions or procedures for transaction of business, as Government may desire to be followed by the SPV, shall be incorporated in the Articles of Association of bye-laws of SPV before release of grant-in-aid.
- o) The SPV shall appoint a Managing Director or Chief Executive Officer with approval of its Board of Directors. However, the appointment shall need ratification by the Department of Electronics and Information Technology thereafter. The Managing Director of SPV would be the Drawing and Disbursing Officer for the amounts released under this sanction.
- p) The SPV shall submit performance-cum-achievement report before applying for the next installment as grant.
- q) The accounts of SPV shall be open to inspection by the Department of Electronics and Information Technology and audit, both by the Comptroller and Auditor General of India under the provision of CAG (DPC) Act 1971 and internal audit by the Principal Accounts Office of the Ministry of Communication and Information Technology or Department of Electronics and Information Technology, whenever the SPV is called upon to do so.
- r) The SPV shall complete process for transfer of the roads and Right of Way as per proposal to Govt. of India for the project.



**B. Assets**

- a) The assets acquired wholly or substantially out of Government grants should not, without the prior sanction of the Government, be disposed of, encumbered or utilized for the purpose other than for which the funds have been released.
- b) A certificate of actual utilization of the grants received for the purpose for which it was sanctioned in Form GFR 19-A would be required to be provided by the SPV.
- c) The Utilization Certificate should be submitted within six months of the closure of the financial year by the SPV. Receipt of such certificate shall be scrutinized by DeitY. Where such certificate is not received from the grantee within the prescribed time, the Ministry or Department will be at liberty to blacklist such SPV from any future grant, subsidy or other type of financial support from the Government.
- d) A register of permanent and semi-permanent assets acquired wholly or mainly out of the funds be maintained on the basis of Form GFR -19.
- e) A return of such assets acquired during a financial year should be furnished in the Form-GFR19.
- f) The SPV shall fix user charges for various facilities and services by it to fully recover the O&M cost and make the project sustainable.
- g) In case of dissolution the SPV at any point in time, all assets and any unutilized grant shall vest with the Government of India.

**C. Monitoring**

The SPV shall report on the physical progress as well as the expenditure incurred in the project to the Government of India every quarter.

In case of any dispute, Secretary, Department of Electronics and Information Technology, Government of India, shall be the sole "Arbitrator" and his decision shall be binding for all concerned.