



Government of India
Ministry of Electronics and Information Technology
(IPHW Division)



Modified Electronics Manufacturing Clusters
(EMC 2.0) Scheme

Modified Electronics Manufacturing Cluster (EMC 2.0) Scheme

- Notified on 1st April, 2020 with an implementation period of 8 years (i.e. upto March, 2028)
- Open for receipt of applications for 3 years (i.e. upto 31st March 2023).
- STPI has been appointed as Project Management Agency (PMA) for initial period of 4 years
- Guidelines for implementation of Scheme have been approved by MEIT.
- Total budgetary support for Scheme: Rs. 3,762 crore (including Admin expenses)

Objective

- Create a **comprehensive supply chain / ecosystem** for strengthening electronics manufacturing base.
- Attract **Anchor Units** to set up production along with their supply chain
- Development of **World class Plug and Play infrastructure** along with Standard Factory Sheds
- Establish **Common Facility Centres (CFC)**
- Reduce the infrastructure & logistics cost

EMC 2.0- Work Flow Mechanism

- PMA will appraise and put up the application before PRC.
- On the recommendations of PRC, PMA will issue approval to PIA

Project Implementing Agency (PIA)

- Identify location with Anchor Unit
- Project implementation
- Support Industry in obtaining clearances etc

Project Management Agency (PMA)

- Receipt of application and issue of acknowledgement
- Assessment / appraisal of the application
- Release of funds to PIA
- Raise requirement of funds to MeitY

Project Review Committee (PRC)

- Chaired by Joint Secretary, MeitY.
- Recommendation for approval/rejection of proposal
- Review of projects

Governing Council (GC)

- Chaired by Secretary MeitY
- Review the progress of the Scheme and carrying out amendments (if any)

Guidelines for Implementation of EMC 2.0 Scheme

Financial Assistance

- **EMC Projects :**
 - 50% of the project cost subject to a ceiling of Rs. 70 crore for every 100 acres of land **(clause 4.4)**
 - Overall ceiling : Rs. 350 crore per project.
- **Common Facility Centre (CFC):**
 - 75% of the project cost subject to a ceiling of Rs. 75 crore **(clause 4.5)**
- Land cost is not eligible for financial assistance **(clause 3.4)**
- Balance project cost will be financed by PIA.

Project Implementing Agency (PIA) (clause 2.13)

- State Government / State Industrial Agencies
- Central / State PSUs
- Industrial Development Corporations (such as DMICDC etc.)
- Joint venture of State Government or their agencies / CPSU/SPSU with Anchor units or any other industrial estate / industrial park developer entities.
- In case of expansion of existing EMCs/ CFCs,
 - *SPV of the existing EMCs/CFCs may submit application*
 - *SPV structure should be structured in line with SPV Guidelines.*

Project Management Agency (PIA) (Clause 2.14 & 11)

- **STPI** has been appointed for the roles of **Project Management Agency**.
- Responsible for implementation and monitoring of EMC 2.0 Scheme .
 - *Receipt of applications, issue acknowledgement, appraisal and submission of report to Project Review Committee*
 - *Issue of approval in line with recommendations of PRC.*
 - *Submission of financial requirements / demand of funds required for the approved projects to MeitY;*
 - *Release of funds to approved projects*
 - *Awareness creation / conducting of seminar/ workshops for awareness creation of the scheme*

Parameters for submission of application (Clause 5)

- **For EMC Project**

- Land Requirement:
- Detailed Project Report
- Cost Estimation based on CPWD/SPWD or any other SORs
- Source of Funding / Financial Closure of the Project
- Project Implementation Timelines
- Anchor Unit(s)
- Investment by Units
- Employment Generation

- **For CFC Project**

- Land and Financial closure
- Details Machines/ Equipment along with user details for CFC
- Details of atleast 5 electronics manufacturing units identified as users of the facility
- Units current status of production, requirement of the facilities
- Expected revenue generation from use of such facilities

Eligibility Criteria

Land Requirements

- Minimum land area : **200 acres** (100 acres in North-Eastern States and hill states & UTs) (Clause 4.1)
- Ownership (saleable/leasable), non-encumbrance, Industrial use to be made available by PIA. (Clause 7)
- Maximum of two land parcels to be within radius of ½ Km (Clause 4.2)
- Standard Factory Sheds (SFS) / Built-up Factory Sheds / **plug and play facility in at least 10%** of the saleable land area (Clause 3.6)
- Cost of land not eligible for financial assistance. (Clause 3.4)
- minimum 80% of land to be allotted to processing area & maximum 20% to non-processing area (Clause 4.3)
- Area where land has already allotted to industrial units, such area in combination with unallotted land would be eligible. (Clause 7.1.2)

Anchor Unit(s)

- **Commitment from Anchor Unit(s)** to take **at-least 20% of the saleable / leasable land area** (10% in case of NE, Hill States & UTs) *(Clause 2.1)*
- **Minimum investment of Rs. 300 crore** by Anchor Unit(s) *(Rs. 150 crore in case of 100 acres in NE, Hill states & UTs).* *(Clause 2.1)*
- In case of contingency of change of anchor unit(s) during the execution of the project, PIA has to communicate to PMA which will subsequently bring it to notice of PRC *[Clause 5.1 (iv)]*.
- Investment from units/industry in ESDM verticals like Automotive electronics , Industrial electronics, Consumer electronics, Medical electronics, Computer Hardware, Telecom Networking & Communications, E-mobility products/components etc. *(Clause 3.7)*
- For other segments, PRC will decide any products / EMC as part of the eligible activities within the EMC. *(Clause 3.7)*

Expansion of Existing EMC/CFC

- **EMC Projects (Expansion)** *(Clause 4.6.1)*
 - Expansion of existing EMC with **minimum 100 acres of land** *(50 acres in case of NE, Hill States & UTs)*
 - 80% of saleable / leasable land allotted to ESDM units;
 - At-least 50% of land allottees should have started production activity

- **CFC in existing EMC Projects** *(Clause 4.6.2)*
 - There should be atleast 5 electronics manufacturing units identified as users of the facility out of which atleast 3 are located in the existing EMC.

- **Expansion of existing CFCs** *(Clause 4.7)*
 - Application to be submitted by SPV of existing CFC.
 - Existing CFC should be functional and have completed procurement and installation of machines/equipments;
 - Atleast 5 units should have signed agreements or started utilizing the facilities of existing CFC.

Release of financial assistance (Clause 6)

- Funds to be disbursed to PIA through PMA in 3 instalments of 30%, 40% and 30%:

First Installment @ 30% (As an Advance)

- On approval of the project and execution of agreement with PMA
- Deposition of pari-passu contribution in escrow account/ submission of sanction order issued by State Government/ Central Government for transfer of contribution.

Second Installment @ 40%

- After utilization of 80% of first instalment;
- Land allotment to Anchor Unit(s) (in case of EMC Projects);
- Initiation of procurement process for the equipment / machinery (in case of CFC);
- Deposition of pari-passu contribution in escrow account
- On the recommendations of the PRC

Last Installment @ 30%

- After completion of project.
- Atleast one Anchor Unit started construction activities; (in case of EMC)
- Atleast 50% of land has been allotted to manufacturing units and have started construction activities (in case of EMC)
- Atleast 5 units have signed agreements for utilizing the facilities (in case of CFC);
- On the recommendations of the PRC

Condition for closure of project (Clause 9)

EMC Projects

- Obtaining of all requisite statutory clearances
- Atleast one Anchor unit has started construction activities.
- Atleast 50% of saleable / leasable land area within the EMC has been allotted to the manufacturing units;
- Atleast 50% of such land allottees have started construction activities; and
- Such other condition as deemed necessary by PRC.

CFCs as well as expansion of existing CFCs

- Completion of infrastructure development as per the approval
- Atleast 50% of the machinery/ equipment have been purchased and installed at site and procurement process for the balance machinery/ equipment have been completed.
- Services offered by the CFC listed adequately and published for general information
- Atleast 5 units signed agreements for utilizing the facilities of CFC; and
- Such other condition as deemed necessary by PRC

Expansion of existing EMC projects

- Obtaining of all requisite statutory clearances
- Atleast 50% of saleable / leasable land area within the EMC expansion area allotted to manufacturing units
- Atleast 50% of such land allottees started construction activities; and
- Such other condition as deemed necessary by PRC

Project Timelines (Clause 8)

For applications processing by PMA

Event	Timelines in working days
Submission of Application by PIA to PMA	A
Issue of acknowledgment by PMA to PIA	A + 5
Receipt of complete application by PMA	T
Preparation of Appraisal Report by PMA	T + 15
Placing appraisal note for consideration of PRC	T + 20
PRC Meeting	X
Circulation of Minutes of Meeting (MoM) of PRC	X+5
Issuance of communication for project approval to PIA	X+15

• 'A' is date of submission of application.

• 'T' is date of submission of complete application.

• 'X' is the date on which PRC meeting is convened to consider applications.

Extension of project Timelines

- Request of PIA for timeline extension will be placed by PMA before PRC for consideration.
- Total extension period of 2 years can be granted for project completion.
- No project shall be granted timeline in excess of 4 years (*including any extensions*) for completion.

THANK YOU