

F.No. W-45/3/2020-IPHW-MeitY
Government of India
Ministry of Electronics and Information Technology (MeitY)
(IPHW Division)

FREQUENTLY ASKED QUESTIONS ON EMC 2.0 Scheme

1. Can there be more than one Anchor Unit in an EMC project?

(Ref. Clause 2.1 of Guidelines)

There can be more than one Anchor Units for the purpose of fulfilling the criteria of minimum investment commitment and land purchase / lease as per Clause 2.1 of the Scheme Guidelines.

2. Is there any requirement to maintain any specific equity structure for the joint ventures (JV) of the PIA?

(Ref. Clause 2.13 of Guidelines)

It is up to the parties to decide on their equity structure. However, any such JV should be in accordance with the definition of the PIA at Clause 2.13 of the Scheme Guidelines.

3. Is the total size of Ready Built Factory (RBF) sheds limited to 10%?

(Ref. Clause 3.6 of Guidelines)

10% of the total saleable / leasable land area is the minimum requirement. PIA may decide to earmark additional area for Ready Built Factory sheds depending upon the market / industry requirements.

4. What would be the size and specification of the Ready Built Factory (RBF) sheds?

(Ref. Clause 3.6 of Guidelines)

The size and specification of the Ready Built Factory sheds shall be estimated / customized by PIA in consultation with the manufacturing units and should be as per industry norms.

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5. Can a different PIA be eligible to apply for CFC within an EMC project?

(Ref. Clause 4.3 & 4.6.2 of Guidelines)

No. There cannot be another PIA within an existing EMC project. The existing implementing agency or SPV of the existing EMC is only eligible to apply for a CFC.

6. Can a CFC be built within a new EMC project and claim benefits under the Scheme for both?

(Ref. Clause 4.4 & 4.6.2 of Guidelines)

Yes. A CFC can be built within a new EMC project. However, the financial assistance eligible for such CFC will be considered as a part of the overall EMC Project and will be in accordance with the Scheme Guidelines.

7. Can a Common Facility Center (CFC) be located in multiple locations for the purposes of this Scheme?

(Ref. Clause 4.6.2 & 5.1 (x) of Guidelines)

A CFC with all requisite facilities should be located at a single location only.

8. What activities will be considered as external infrastructure under Clause 4.9 of the Scheme Guidelines?

(Ref. Clause 4.9 of Guidelines)

The external infrastructure can include road, water connectivity, electricity connectivity, provisioning for drainage system, sewer and industrial waste. Expenses can be made for any of such activities either individually or for few of them or for all of them together.

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9. Can Anchor Unit be changed during the course of implementation?

(Ref. Clause 5.1(vi) of Guidelines)

In case of contingency of change of Anchor Unit(s) during the execution of the project, the changes should be brought to the notice of PMA for putting it up for the consideration and approval of PRC to remain eligible under the Scheme.

10. What will be qualifying amount (contribution by PIA or other stakeholders) as a pari-passu contribution?

(Ref. Clause 6.1 (iii), 6.2 (iv) & 6.3 (ii) of Guidelines)

Pari-passu contribution shall always be calculated with reference to the proportion of amount for infrastructure development to be brought in by the PIA.

For example, if the project cost is INR 100 crore and the assistance to be provided under the scheme is INR 50 crore and PIA has to contribute another INR 50 crore. In such circumstances, First instalment of financial assistance to be released under the Scheme to the PIA will be 30% of INR 50 crore. However, the PIA shall be required to deposit its pari-passu contribution which will be equivalent to 30% of its share of the total cost.

11. What kind of expenses will be reimbursed under Clause 6.4 of the Guidelines?

(Ref. Clause 6.4 of Guidelines)

Under Clause 6.4 of the Guidelines, only costs incurred on infrastructure development and procurement of machines / equipment will be reimbursed subject to approval of the Project Review Committee (PRC). The activities which are neither part of the project nor mentioned in approval letter will not be considered for the reimbursement. Also, any such expenses will be reimbursed only if it has been incurred after issuance of acknowledgement by the PMA. Such expenses should be certified by Chartered Accountant (CA) and the works to be certified by Chartered Engineer (CE) / Superintendent Engineer (or equivalent authority) of the PIA. The reimbursement shall not exceed the financial assistance for project components approved by PRC.

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12. What are the land requirements for CFC?

(Ref. Clause 7 of Guidelines)

The land requirement for the purposes of setting up of CFC is that such land must be either owned by the PIA or leased to PIA and should be in possession of PIA. In addition to this, all other conditions prescribed at Clause 7 of the Guidelines (excluding 7.1.2) shall be applicable.

13. In case the land for the EMC project is leased, what should be the minimum period of such lease?

(Ref. Clause 7 of Guidelines)

The scheme does not provide any minimum period for project land to be leased. It is left to the discretion of Project Implementation Agency to lease land as per their existing guidelines or devise their own procedures in this regard.

14. What would be the procedure for seeking timelines extension for project execution?

(Ref. Clause 8.2.2 of Guidelines)

The request for seeking extension of timelines for implementation of the project shall be submitted in advance to PMA by PIA with proper justification and need of extension. PMA will examine such requests and bring to the notice of PRC. The extension of timelines if granted by PRC, shall be communicated in writing to PIA by PMA along with terms and conditions (if any) prescribed by the PRC. Any such extension shall be without any additional financial assistance from MeitY.

15. What can qualify as construction activities under Clause 9.1 of the Guidelines?

(Ref. Clause 9.1(ii) of Guidelines)

Construction activities for the purpose of the Scheme shall include such activities which are directly relevant for production activity, viz: construction of factory, factory sheds and manufacturing units preferably commissioning of plant and

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machinery. Construction of ancillary infrastructure such as boundary wall(s) etc. will not be considered as construction activity for the purpose of Clause 9.1 of the Guidelines.

- 16. Does the requirement of allotment of a 50% of saleable / leasable land area within the EMC under Clause 9.1 of the Guidelines includes the land allotted to the Anchor Unit and construction activity initiated by such units?**

(Ref. Clause 9.1 (iii) & (iv) of Guidelines)

Yes.

- 17. What would be the timeframe for estimation of employment and revenue generation?**

(Ref. Para (xiv) of Annexure-V of Guidelines)

Estimation for employment and revenue generations should be provided for a minimum period of 5 years of operations.

- 18. In case of cost escalation due to any reasons, what would be the basis of cost sharing for the enhancement amount?**

(Ref. Para 6[(A) (v)] of Annexure-VI of Guidelines)

Enhancement in the cost of the individual project components or the project will be borne by the PIA. The financial assistance for the project shall be limited to the approved amount as per the approval letter.

N.B: These FAQs will be updated from time to time based on the feedback /queries received from industry or other stakeholders which are deemed to be necessary for incorporation.
