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.
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.
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 atleast 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 at-least 5 electronics manufacturing units identified as users of the facility out of which at-least 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;
  - At-least 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

Expenditure incurred by PIA after the issuance of acknowledgment by PMA shall be eligible for reimbursement.
**Condition for closure of project (Clause 9)**

<table>
<thead>
<tr>
<th>EMC Projects</th>
<th>CFCs as well as expansion of existing CFCs</th>
<th>Expansion of existing EMC projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Obtaining of all requisite statutory clearances</td>
<td>• Completion of infrastructure development as per the approval</td>
<td>• Obtaining of all requisite statutory clearances</td>
</tr>
<tr>
<td>• Atleast one Anchor unit has started construction activities.</td>
<td>• Atleast 50% of the machinery/equipment have been purchased and installed at site and procurement process for the balance machinery/equipment have been completed.</td>
<td>• Atleast 50% of saleable/leasable land area within the EMC expansion area allotted to manufacturing units</td>
</tr>
<tr>
<td>• Atleast 50% of saleable/leasable land area within the EMC has been allotted to the manufacturing units;</td>
<td>• Services offered by the CFC listed adequately and published for general information</td>
<td>• Atleast 50% of saleable/leasable land area within the EMC expansion area allotted to manufacturing units; and</td>
</tr>
<tr>
<td>• Atleast 50% of such land allottees have started construction activities; and</td>
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<td>• Such other condition as deemed necessary by PRC</td>
</tr>
<tr>
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<td></td>
</tr>
</tbody>
</table>
# Project Timelines (Clause 8)

## For applications processing by PMA

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

*‘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