

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

No. W-45/3/2020-IPHW-MeitY

Dated: May 31, 2020

Guidelines for implementation of Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme

1. Background

The Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme has been notified vide Notification No. 86 [CG-DL-E-01042020-218991] [F.No. 36(7)/2018-IPHW (Vol.II)] dated 1st April, 2020; **hereinafter referred to as the 'Scheme'. In pursuance of paragraph 11 of the Scheme Notification, the following Guidelines are being issued for effective functioning and implementation of the Scheme.**

2. Definitions

2.1. Anchor Unit(s): An electronics manufacturing company (ies) with a commitment of:

- i. Purchase / Lease of minimum 20% of the saleable / leasable land area in the proposed EMC project, and;
- ii. Investment of Rs. 300 crore or above for setting up electronics manufacturing facility (ies) in the EMC project.
- iii. In case of North-Eastern States, Hill States and Union Territories (UTs), Purchase / Lease of minimum 10% of the saleable / leasable land area with an investment commitment of Rs.150 crore and above for setting up electronics manufacturing facility (ies) in the EMC project.

2.2. Application: The proposal seeking approval for setting up of Electronics Manufacturing Cluster (EMC) project or Common Facility Centre (CFC) submitted by Project Implementing Agency (PIA) in the prescribed format to Project Monitoring Agency (PMA) seeking financial assistance under the Scheme.

2.3. Common Facility Centre (CFC): Common Facility Centre (CFC) will be a project located in an area where significant number of existing ESDM units are present and the focus is on upgrading common technical infrastructure and providing common facilities for the ESDM units , as mentioned in Annexure-III of these Guidelines.

2.4. Electronics Manufacturing Cluster (EMC) Project: Electronics Manufacturing Cluster (EMC) project means undeveloped / under-developed / semi-developed land parcels, preferably contiguous, where the focus is on development of basic infrastructure, amenities and other common facilities for Electronics System Design and Manufacturing (ESDM) units.

2.5. Existing EMCs: The EMCs which were approved under Electronics Manufacturing Clusters (EMC) Scheme notified vide Notification No. 252 [F.No. 8(50)/2011-IPHW] dated 22nd October, 2012.

2.6. Governing Council (GC): A Committee constituted by MeitY in accordance with paragraph [2.2.7] of the Scheme for periodic review of the progress of the Scheme and the projects thereof. Its constitution and roles & responsibilities are prescribed at **Annexure-II**.

- 2.7. Investment:** The investment made by Anchor unit(s) and other ESDM units in the EMC project for setting up of manufacturing facilities.
- 2.8. Non-Processing area:** The activities other than processing area shall be designated as non-processing activity.
- 2.9. Processing area:** Processing activity would include factories, all common facilities and physical infrastructure directly serving the manufacturing unit(s) such as R&D centre, tool rooms, training centre, captive power generation, power sub-station and distribution etc. Services / facilities listed under Vital, Essential and Desirable Services [other than section C (1) at Annexure of the Scheme)] shall typically be included under processing area.
- 2.10. Project:** A project for the purpose of these Guidelines would be the proposal for which financial assistance is approved under the Scheme as per application submitted by the PIA.
- 2.11. Project Assistance:** Financial assistance in form of Grant-in-Aid from Government of India for creation of the infrastructure, amenities and common facilities under the project.
- 2.12. Project Cost:** The project cost shall comprise of project assistance from Government of India and contribution from the PIA for creation of the infrastructure, amenities and common facilities under the project.
- 2.13. Project Implementing Agency (PIA):** Project Implementing Agency (PIA) is State Government or State Implementing Agency (SIA) or Central Public Sector Unit (CPSU) or State Public Sector Unit (SPSU) or Industrial Corridor Development Corporation (ICDC) such as DMICDC, etc. (*as the case may be*) who will submit application under the Scheme. A combination of these entities will also be considered as PIA under the Scheme. The SIA can be a joint venture of State Government or any of its Authorities / Boards / Corporations / Companies or CPSU / SPSU with Anchor Unit(s) 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 in accordance with clause 2.16, 4.6 & 4.7 of these Guidelines in addition to other Project Implementing Agencies as stated above.
- 2.14. Project Management Agency (PMA):** An agency appointed by MeitY in accordance with paragraph [2.2.4] of the Scheme for implementation of the Scheme and monitoring of the projects thereof.
- 2.15. Project Review Committee (PRC):** A Committee constituted by MeitY in accordance with paragraph [2.2.6] of the Scheme for consideration of the application (s) for accord of approval / rejection under the Scheme and review of projects thereof. Its constitution and roles & responsibilities are prescribed at **Annexure-I**.
- 2.16. Special Purpose Vehicle (SPV):** Special Purpose Vehicle (SPV) shall be a legal entity (company or society) which is involved in development of existing Greenfield EMCs or Common Facility Centres (CFCs) approved under Electronics Manufacturing Clusters (EMC) Scheme notified vide Notification No. 252 dated 22nd October, 2012 and constituted as per MeitY's Notification No. 8(131)/2012-IPHW dated 30th January, 2014 and subsequent amendments thereto (*if any*).

3. Scope

- 3.1. These Guidelines outline the procedure for approval of the applications, providing financial assistance and monitoring the projects approved under the Scheme.
- 3.2. The broad objectives of financial assistance under the Scheme are as follows:
- i. To provide financial assistance for setting up of “EMC Projects”, “CFCs” and expansion of existing EMCs / CFCs for creation of world class infrastructure, common technical facilities and amenities / logistics to promote ease of doing business in the electronics industry.

- ii. To create an ecosystem and its relevant supply chain for developing India as Electronic Manufacturing Hub.
- 3.3. An indicative list of eligible activities for which the financial assistance under the Scheme is available is at Annexure of the Scheme and at **Annexure-III** of these Guidelines.
- 3.4. The cost of land shall not be eligible for financial assistance under the Scheme.
- 3.5. The cost of infrastructure and Ready Built Factory Sheds / Plug & Play facilities proposed to be built by the PIA shall be eligible in accordance with Para 2.3 (ix) of the Scheme Notification.
- 3.6. Ready Built Factory (RBF) Sheds / Plug & Play facility should be made available in atleast 10% of the saleable / leasable land area within the EMC.
- 3.7. The investment in the EMC project from the Anchor unit (s) and other companies shall be for manufacturing of electronics goods or products in ESDM verticals like Automotive electronics, Industrial electronics, Consumer electronics, Medical electronics, Computer Hardware, Telecom Networking & Communications, E-mobility products/components etc. Further, it will be within the purview of the PRC for considering any products / EMC as part of the eligible activities within the EMC.

4. Project Parameters

- 4.1. The land parcel for setting up a new Electronics Manufacturing Cluster under the Scheme should not be less than 200 acres. The land parcel required in North-Eastern States, Hill States and Union Territories (UTs) should not be less than 100 acres.
- 4.2. Maximum of two land parcels within a radius of ½ Km will be considered as contiguous. Land parcels across the road will also be considered as contiguous.
- 4.3. In EMC projects, a minimum 70% of the utilisable land area (excluding internal development for roads, carriageways, green spaces, drainage, sewage etc and common infrastructure for utilities such as Power, Lighting, Waste Management, Effluent Treatment, Fire Fighting and Safety etc.) has to be allotted for processing activities and remaining area may be allotted for non-processing activities as included in list of desirable activities under the Scheme.
- 4.4. For EMC projects; financial assistance will be restricted to 50% of the project cost subject to a ceiling of Rs. 70 crore for every 100 acres of land. For larger areas, pro-rata ceiling would apply however not exceeding of Rs. 350 crore per project. The remaining project cost will be financed by the PIA with a minimum contribution of 50% of the project cost.
- 4.5. For CFCs; financial assistance will be restricted to 75% of the project cost subject to a ceiling of Rs.75 crore per project. The remaining project cost will be financed by the PIA with a minimum contribution of 25% of the project cost.
- 4.6. For expansion of EMC projects and CFCs under existing EMCs; the following shall be applicable;

4.6.1 EMC projects under existing EMCs:

- i. Atleast 100 acres of land parcel that is adjoining the existing EMC will be considered for meeting the minimum land requirement for making application under the Scheme.
- ii. For North-Eastern States, Hill States and Union Territories (UTs), atleast 50 acres of land parcel that is adjoining the existing EMC will be considered for meeting the minimum land requirement and making application under the Scheme.

- iii. In the existing EMC, 80% of saleable / leasable land should have been allotted to the manufacturing units and atleast 50% of units who have been allotted land should have started production activity.

4.6.2 For CFC in existing EMCs: For such projects, all the conditions as mentioned at Clause 2.3 & 4.4 and Clause 5.1 (x) will be applicable subject to:

- i. 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.

Application for expansion of existing EMC and establishing CFC in existing EMCs may be made either by the Special Purpose Vehicle (SPV) of the existing EMC or any other Project Implementing Agency under the Scheme.

4.7. In cases wherever expansion of existing CFCs requires extension of requisite facilities, the application shall be submitted by SPV of existing CFC subject to following:

- i. Existing CFC should be functional and should have completed procurement and installation of machines/equipments;
- ii. Atleast 5 units should have signed agreements or started utilizing the facilities of existing CFC.

4.8. The administrative expenses by PIA would be restricted to 5% of financial assistance in the project. Expenses towards preparation of Detailed Project Report (DPR) can be included as part of the administrative expenses.

4.9. The expenses towards requisite external infrastructure upto the project site would be restricted to 5% of total financial assistance in the project. The total financial assistance will be inclusive of financial assistance towards admin expenses and external infrastructure (*if any*).

5. Application

5.1. Applications under the Scheme shall be submitted by the PIA to PMA in the prescribed format, enclosed at **Annexure-IV**. The application shall be made based on the following parameters:

- i. **Land Requirement:** PIA should ensure that land requirement for the project has been fulfilled in accordance with Clause 4 & 7 and other applicable Clauses of these Guidelines.
- ii. **Detailed Project Report (DPR):** PIA should submit Detailed Project Report including detailed estimates of project components proposed and their economic and technical feasibility. Format of the DPR is mentioned at **Annexure-V** of these Guidelines.
- iii. **Cost Estimation:** Estimates shall be based on Central Public Works Department (CPWD) / State Public Works Department (SPWD) Schedule of Rates (SoR), whichever applicable. Wherever CPWD / SPWD schedules of Rates are not available, the rates shall be based on the market rates.
- iv. **Source of Funding / Financial Closure of the Project:** PIA should have an identified and unencumbered source of funding for implementation of the project.
- v. **Project Implementation Timelines:** PIA should submit state of readiness for implementation of the Project and clearly defined timelines for completion of project components including Environmental Clearance, layout, master plan, water and Power and other requisite approvals etc.. In case, any regulatory approval is pending or awaited, PIA must give undertaking regarding obtaining of such approvals.
- vi. **Anchor Unit(s):** PIA should submit details of the identified Anchor Unit (s) along with requisite evidence expressing intent to purchase / lease of atleast 20% of saleable / leasable land area in the EMC and a minimum investment commitment of Rs.300 crore (atleast 10% of saleable/ leasable

land area in case of North-Eastern States, Hill States and Union Territories (UTs) with minimum investment commitment from Anchor Unit(s) or industry of Rs.150 crore). There may be a contingency of change of Anchor Unit(s) during the execution of the project. As and when such an eventuality arises, the same should be communicated by PIA to PMA. Any such changes shall be brought to the notice of PRC by PMA.

- vii. **Investments:** PIA should submit investment commitment of Anchor Units(s) and other Units (if possible) including proposed products identified for manufacturing and other relevant information.
 - viii. **Employment Generation:** PIA should submit estimated employment generation in the EMC project.
 - ix. **Machines/ Equipment:** For Common Facility Centre, the requirement of the machines / equipment should be furnished along with user details. (For CFC, all the above parameters will apply except point number (vi) & (vii) above).
 - x. For CFC applications, details of atleast 5 electronics manufacturing units identified as users of the facility along with their current status of production, requirement of the facilities and expected revenue generation from use of such facilities should be indicated.
- 5.2. Application is to be made by the PIA as per the Application Format as mentioned at **Annexure-IV**. The Application should be accompanied by Detailed Project Report (DPR) as per format at **Annexure-V**.
- 5.3. PMA shall issue acknowledgement to the PIA on receipt of the application after verifying the requisite documents. An acknowledgement / application ID shall be issued to the PIA which may be used to track the status of application and for further correspondence(s).
- 5.4. The PMA shall appraise the applications received under the Scheme and submit appropriate recommendations along with appraisal report to MeitY seeking time to convene meeting of the Project Review Committee (PRC) for consideration of approval / rejection of the application(s).
- 5.5. The PMA may seek additional information from PIA, as necessary for making its recommendations to the Project Review Committee (PRC).
- 5.6. The PMA, in its appraisal report, will clearly state:
- i. The name/ details of the PIA;
 - ii. Location details of the proposed project including site connectivity, existing infrastructure/ facilities available, existing industrial scenario etc.;
 - iii. Land related details;
 - iv. Total project cost and details of financial closure;
 - v. Recommendations pertaining to estimated project cost and financial assistance (project component wise);
 - vi. Project timelines (*component-wise*) for implementation of the project;
 - vii. In case of EMC projects, details of the Anchor Unit(s) and other Units with investment, employment and other relevant information;
 - viii. In case of CFC, details of atleast 5 identified electronics manufacturing units;
 - ix. Site visit report;

- x. Recommendations of PMA;
 - xi. Terms and conditions of approval;
 - xii. Documentary evidence related to land, Anchor Unit(s), Users of facility (*in case of CFC*), financial closure, regulatory approvals and wherever required to be enclosed with the appraisal report.
- 5.7. Approval of a project under the scheme would be communicated as per the format provided at **Annexure-VI**.

6. Disbursement of funds to approved projects

- 6.1. **First Instalment @ 30%** of the financial assistance shall be released to the PIA subject to the following:
- i. PIA has executed an agreement with the PMA, spelling out explicitly the project deliverables and timelines for the same.
 - ii. A Tripartite Agreement has been executed for operations of the Escrow account between PMA, PIA and the Bank (Escrow Agent) wherein the Escrow account for the project is opened.
 - iii. PIA has deposited its pari-passu contribution in project escrow account or submitted a sanction order issued by State Government / Central Government for transfer of the pari-passu contribution in favour of the PIA for such project.
- 6.2. **Second Instalment @ 40%** of the financial assistance shall be released to the PIA subject to following:
- i. After utilization of 80% of first instalment and proportionate contribution from the PIA;
 - ii. Land has been allotted to the Anchor Unit(s) (*in case of EMC Projects*);
 - iii. Procurement process for the equipment / machinery has been initiated i.e. selection of vendors / suppliers has been finalized (*in case of CFC projects*);
 - iv. PIA has deposited its pari-passu contribution in project escrow account or submitted a sanction order issued by State Government / Central Government for transfer of the pari-passu contribution in favour of the PIA for such project.
 - v. On the recommendations of the PRC.
- 6.3. **Third and last instalment of 30%** of financial assistance shall be released to the PIA subject to following:
- i. After utilization of the first and second instalment of financial assistance and the proportionate contribution of the PIA;
 - ii. PIA has deposited its pari-passu contribution in project escrow account or submitted a sanction order issued by State Government / Central Government for transfer of the pari-passu contribution in favour of the PIA for such project;
 - iii. On compliance of the conditions mentioned at Clause 9 of these Guidelines related to completion of the project.
- 6.4. PIA may seek reimbursement (subject to overall limits as prescribed under the Scheme) of the expenditure made on the approved project / project components in case PIA intends to make upfront expenditure on implementation of the project. However, PIA should have submitted the application

under the Scheme prior to incurring any expenditure on the project. It is further clarified that submission of such application does not guarantee any approval and any such approval will be subject to issue of a formal approval letter in accordance with the Scheme parameters. Expenditure made after the issuance of the acknowledgment by PMA shall be eligible for reimbursement.

7. Land ownership in EMC

7.1. The Scheme supports any of the following different models of land ownership for an EMC;

7.1.1 Land for the project should either be owned or leased and in possession of the PIA.

7.1.2 In cases where land has already been allotted to existing or prospective industrial units, then such area in combination with the unallotted land (land in the possession of PIA) should meet the eligibility criteria prescribed in the Scheme.

7.2. Land for the project should be unencumbered and meant for industrial use.

8. Project Implementation

8.1. **Timelines for processing of applications by PMA:** The following timelines are indicated with regard to appraisal and approval of the Project:

Event	Timelines in working days
Submission of Application by PIA to PMA	A
Issue of acknowledgment by PMA to PIA along with Application Id / Response to applicant for requisite information (<i>if any</i>)	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

Note:

- a. 'A' is date of submission of application.
- b. 'T' is date of submission of complete 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 the same.
- c. 'X' is the date on which PRC meeting is convened to consider applications.

8.2. Timelines for execution of projects

- 8.2.1 The PIA shall make all efforts to complete the project within the timelines prescribed in the approval issued by the PMA.
- 8.2.2 PIA may make requests for extension of time for implementation of the Project. Such requests shall be evaluated by the PMA and placed before PRC for consideration. PRC may grant extension as deemed necessary in the best interests of the Project. However, no Project shall be granted any extension beyond a period of two years from the date of completion prescribed in the original approval.
- 8.2.3 It is further clarified that under no circumstance, any project shall be granted time in excess of 4 years (*including any extensions*) for completion. To illustrate, the mechanism for time extension shall function as follows:

	Approved Completion time	Maximum Extension allowed	Total period available for completion
PIA 1	1 year	2 year	3 years
PIA 2	2 year	2 year	4 years
PIA 3	3 year	1 year	4 years
PIA 4	4 year	0 year	4 years

- 8.2.4 In case the project is not completed within the specified timelines (*including any extensions granted*) then such projects (slow moving, dormant or non-performing project) shall be brought out to the notice of the GC for appropriate action. The decision with regard to release of financial assistance for such projects shall be taken by the Governing Council.
- 8.2.5 Project Review Committee (PRC) shall have the powers to grant approval, extension of project timelines, release of financial assistance and closure or completion of the project to the PMA.

9. Project Completion

9.1. For the purpose of this Scheme, the EMC project shall be deemed to be completed, if:

- i. All requisite statutory clearances for the EMC project have been obtained;
- ii. At least one Anchor unit has started construction activities;

- iii. Atleast 50% of saleable / leasable land area within the EMC has been allotted to the manufacturing units;
- iv. Atleast 50% of such land allottees have started construction activities; and
- v. Such other condition as deemed necessary by PRC in the interest of the project.

9.2. CFCs as well as expansion of existing CFCs shall be deemed to be completed, if:

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

9.3. Expansion of existing EMC projects, shall be deemed to be completed, if

- i. All requisite statutory clearances for the EMC project have been obtained;
- ii. Atleast 50% of saleable / leasable land area within the EMC expansion area has been allotted to the manufacturing units
- iii. Atleast 50% of such land allottees have started construction activities; and
- iv. Such other condition as may be deemed necessary by PRC in the interest of the project.

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 (including any extensions granted), etc. shall be made available on the website <www.meity.gov.in> and on official website of the PMA.
- 10.2 PIA shall submit physical, financial, land allotment (in case of EMC) and commercial production (in case of EMC) related progress reports to PMA on quarterly basis or as and when asked for.
- 10.3 The PMA shall review the progress of the projects under the scheme and submit their findings to the PRC on a quarterly basis.
- 10.4 In the event of Cancellation / Termination of project of any PIA under the EMC 2.0 Scheme, the time limit for the refund (if applicable) of financial assistance will be decided by the Governing Council.
- 10.5 The performance of the Scheme and the projects thereof shall be monitored by the Governing Council (GC). Governing Council shall have the authority to make improvements/ modifications (*if required*) in the Scheme Guidelines from time to time for successful implementation of the Scheme. Detailed constitution, functioning and responsibilities of the GC are elaborated at **Annexure-II**.

11. Roles and responsibilities of PMA

- i. Creation and maintenance of an online system for receipt of applications and monitoring of the approved projects;
- ii. Receipt and issuing of acknowledgment of the applications to PIAs;
- iii. Processing and appraisal of the applications;
- iv. Submission and presenting the appraisal reports to MeitY / PRC;
- v. Processing of the recommendations of PRC in accordance with Delegation of Financial Power Rules (DFPR) for issuing the approval(s) to the project(s);
- vi. Submission of financial requirements / demand of funds required for the approved projects to MeitY;
- vii. Release of funds to approved projects in accordance with the release of financial assistance as prescribed at Clause-6 of these guidelines;
- viii. PMA shall submit a compliance and site visit report regarding project progress along with its recommendation(s) for release of 2nd and subsequent instalment of financial assistance;
- ix. Awareness creation / conducting of seminar / workshops for awareness creation of the scheme;
- x. Submitting quarterly progress reports to PRC/GC/MeitY or as and when asked for;
- xi. Any other duties / assignments as directed by MeitY / GC / PRC from time to time.

12. Key Performance Indicators: Projects approved under the Scheme shall be evaluated and ranked based on the following criteria:

- i. Infrastructure developed
- ii. Number of units allotted land
- iii. Anchor Unit (s) Allotted Land
- iv. Number of Units Operational in the EMC
- v. Number of units under implementation stage
- vi. Investment by Anchor Unit and Other Units
- vii. Employment Generated
- viii. Revenue to the Government
- ix. Project completion and adherence to implementation timelines
- x. Extension of timelines (to be marked negative)


13. Audit Inspection

The accounts of PIA shall be open to inspection by the Ministry 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

Electronics and Information Technology as and when deemed necessary. Ministry of Electronics and Information Technology shall also have the right to appoint an agency for undertaking such audit.

14. Miscellaneous:

- 14.1 The Ministry of Electronics and Information Technology (MeitY) may issue supplementary/ additional/ modified guidelines from time to time for smooth implementation of the Scheme, *as deemed necessary*.
- 14.2 The decision of PRC on grant of approval / rejection of the proposals received under the Scheme will be final.
- 14.3 In case of any conflict or dispute between PIA and PMA, conflict should be resolved mutually. In case of failure of mutual resolution, the matter may be referred to Secretary, MeitY for arbitration. The decision of Secretary, MeitY on such matters will be final and binding on both the parties.
- 14.4 In case Government of India is of the opinion that the implementation of the project or operation of the PIA is not satisfactory, the Government of India would have the powers to cancel the project or appoint a new project implementing agency for completion of the project.


(Saurabh Gaur)

Joint Secretary to Government of India
Tel- 011-24363071

New Delhi, Dated 31st May, 2020

Copy to:

1. All Concerned Ministries / Departments of Government of India
2. All States / Union Territories
3. Cabinet Secretariat
4. PMO
5. NITI Aayog
6. Comptroller and Auditor General of India
7. SS&FA, Ministry of Electronics and Information Technology
8. Industry Associations
9. Implementation agencies of projects under EMC scheme.
10. Internal circulation

Constitution of Project Review Committee (PRC)

1	Joint Secretary-IPHW Division, Ministry of Electronics and Information Technology (MeitY)	Chairman
2	Joint Secretary, Department for Promotion of Industry and Internal Trade (DPIIT)	Member
3	Joint Secretary, Ministry of MSME	Member
4	Joint Secretary, Ministry of Commerce	Member
5	Joint Secretary, Ministry of Urban Development	Member
6	Joint Secretary, MoRTH	Member
7	Vice President, Invest India	Member
8	Senior Director, STPI	Member
9	Joint Director / Deputy Director (Finance, MeitY)	Member
10	2 Representatives from industry associations	Member
11	Secretary, IT / Secretary, Industries from the concerned State	Member
12	3 Representative from identified R&D /Academic institutions / Skills Development Council	Member
13	Nodal officer, EMC, MeitY	Member Secretary

**Chairman may co-opt any other member(s) as deemed necessary.*

Roles and responsibilities of PRC

1. To consider the project appraised by PMA for grant of approval;
2. To oversee the implementation of the project as per the terms of approval;
3. To issue directives to the PIA for implementation of the project;
4. To monitor the performance of PMA;
5. To monitor and evaluate the project progress and utilization of the funds as per approval and make recommendations for release of financial assistance;

6. Extension of project implementation timelines;
7. To consider the request of PIA for change / modification in project activities and re-appropriation of financial assistance within the approved project components;
8. To consider the request of PIA for change in Anchor unit;
9. Recommendations for closure / completion of the project to the PMA;
10. Recommendations to GC for cancellation of PIA or appointment of new PIA in case of non performing projects in the best interest of the Scheme/project(s).
11. Recommendations for change/ modifications in the Scheme Guidelines (if any) for consideration of GC.
12. Meetings of the PRC will be convened as and when required.

Other Terms of Reference: TA / DA for members, co-opted members and other experts (*if any*) for attending the PRC meetings will be borne by MeitY as per rules.

Constitution of Governing Council

1	Secretary, Ministry of Electronics and Information Technology (MeitY)	Chairman
2	Secretary, Department for Promotion of Industry and Internal Trade (DPIIT)	Member
3	Secretary, Ministry of MSME	Member
4	Secretary, Ministry of Commerce	Member
5	Secretary, Ministry of Urban Development	Member
6	Secretary, MoRTH	Member
7	Additional Secretary , MeitY	Member
8	AS & FA/ JS& FA, MeitY	Member
9	Director General, STPI	Member
10	CEO, Invest India	Member
11	CEO, NICDIT	Member
12	Secretary, IT/ Secretary, Industries from the concerned State	Member
13	Joint Secretary - IPHW Division, Ministry of Electronics and Information Technology (MeitY)	Member Secretary

**Chairman may co-opt any other member(s) as deemed necessary.*

Roles & responsibilities of Governing Council

1. To oversee the implementation of the Scheme and projects thereunder as per the Scheme notification;
2. Issuing directives from time to time towards achieving of Scheme objectives;
3. To change/ modifications in the Scheme Guidelines (*if any*) on the recommendation of the PRC
4. To monitor the performance of slow moving, dormant and non-performing projects;
5. To cancel the project or appoint a new project implementing agency for completion of the project (in case of implementation of the project or operation of the PIA is not satisfactory)
6. Meetings of the GC will be convened as and when required.

Other Terms of reference: TA /DA for members, co-opted members and other experts (if any) for attending the PRC meetings will be borne by MeitY as per rules.

An illustrative list of eligible activities under EMC 2.0 Scheme

A. Vital Services

- i. Boundary Wall
- ii. Internal Roads
- iii. Storm Water Drains
- iv. Electric Sub-Station / Distribution Network

B. Essential Services

- i. Waste Disposal / Recycling
- ii. Water Recycling / Water Treatment Plant
- iii. Effluent Treatment Plant
- iv. Sewage Lines
- v. e-waste Management
- vi. Street Lighting
- vii. Backup Power Plant
- viii. Warehousing
- ix. Ready Built factory (RBF) Sheds / Plug & Play Facility
- x. Fire Fighting and Safety services

C. Desirable Services

1. Welfare Services

- i. Employee Hostel / Housing
- ii. Hospital and ESIC
- iii. Recreational Facility / Playground
- iv. Creche / Nursery
- v. Educational Facilities
- vi. Banking & Financial Services.

2. Support Services

- i. Centre of Excellence (R&D, Incubation and Consultancy Services)
- ii. Skill development Centre/Training Facility
- iii. Auditorium & Conference Facility
- iv. Video Conferencing, IT & Telecom Infrastructure
- v. Business, Trade & Convention Centre

3. Manufacturing Support

- i. Tool Room
- ii. CAD/CAM Design House
- iii. Plastic Moulding / Cabinet Manufacturing
- iv. Sheet Metal Stamping
- v. Packaging / Epoxy Suppliers
- vi. Testing and Certification Facility
- vii. Component Testing:
 - a) Safety, Life Test, Reliability/Environment, Electrical & mechanical properties
 - b) RoHS Testing
 - c) EMI / EMC Testing
 - d) CRO compliance

Electronics Manufacturing Cluster (EMC 2.0) Scheme Application Form

1. Instructions

- 1.1. The application shall be duly signed by the authorized signatory of the PIA.
- 1.2. PIA is advised to follow the format provided in this template for submitting their applications.
- 1.3. PIA is requested to provide information and enclose all supporting documents as detailed
- 1.4. The application should be submitted to PMA in electronic form and one physical copy.
- 1.5. Applicants should go through the Guidelines carefully before filling up the details in the application.
- 1.6. Application has been divided into the following sections and sub-sections:
 - a) Applicant Details
 - b) Financial Closure / Funding Details
 - c) Project Details
- 1.7. If any document which is required to be submitted along with the application is available on a government website, the website link where this document can be viewed may be provided. The responsibility of the correctness/ veracity of contents rest with the PIA.

2. Applicant Details

- 2.1. **Name of PIA and its constitution:** Whether CPSU, SPSU, State or Local Governments or their agencies or SPV of existing EMC/CFC and others.

Documents to be furnished:

Letter of authorization / nomination, if applicable, from the concerned State Government / Department / Ministry. Certificate of Incorporation with shareholding pattern in case of SPV.

- 2.2. **Details of the PIA:** Address, phone, email, PAN, nature of current business, turnover etc. in activity proposed to be undertaken in the project, if any.

Documents to be furnished:

- a) *Certified copies of PAN, GST registration;*
- b) *Certified copies of Annual Reports including Annual Financial Reports along with schedules for three years. Most recent reports to be provided.*
- c) *Contact details of authorized representative of the PIA. Details would include Name, Designation, Address, phone, email etc.*

3. **Financial Closure / Source of Funding:** Please provide self-certified details on the following:

- a) Source of funding for execution of the project.
- b) In case of internal accruals, copies of the audited financial statement for last three years.
- c) In case of bank loans, documents confirming an in-principle approval/copy of the bank appraisal note.
- d) In case of State Government/ Central Government support, letter of confirmation in this regard from the concerned State Government/ Central Government/ Ministry.

4. Project Details:

- 4.1. Location of the cluster including description and geographical spread of the EMC:

Documents to be furnished:

- a) *Relevant maps indicating the EMC area;*
- b) *Connectivity and logistic details including details on proximate airports, ports and connecting roads.*

- 4.2. Land requirements for the project and ownership / acquisition details:

Documents to be furnished:

- a) *In-principle approval letter / Lease deed/ Letter of Intent / Land possession documents*
- b) *Proof of being authorized manufacturing / Industrial area*

5. Anchor Unit (s):

- a) Name of the company (Constitution documents);
- b) Proposed land area being taken up by the Anchor unit;
- c) Proposed investment along with appropriate documents evidencing such investment commitment;
- d) Proposed products to be manufactured;
- e) Expected employment generation;
- f) Timelines for implementation of Anchor units (date of commencement of commercial production);

- 6. Timelines for project implementation:** Component-wise quarterly break-up of project implementation timelines.

7. Common Facility Centre (CFC): For CFCs, please provide details of:

- a) The machinery/equipment/lab set-up proposed to be purchased;
- b) Details of the identified beneficiaries/user companies (*minimum 5*);
- c) All other details mentioned in clause 2 and 3 above.

STRUCTURE OF DETAILED PROJECT REPORT (DPR)

- i. **Context / background:** This section should provide a brief description of the sector/ sub-sector, the national priority, strategy and policy framework as well as a brief description of the existing situation.
- ii. **Project Objectives:** This section should indicate the Development Objectives proposed to be achieved, ranked in order of importance. The deliverables/ outputs for each Development Objective should be spelt out clearly.
- iii. **Target beneficiaries:** There should be clear identification of target beneficiaries. Stakeholder analysis should be undertaken, including consultation with stakeholders at the time of project formulation. Options regarding cost sharing and beneficiary participation should be explored and incorporated in the project.
- iv. **Project components:** This section should present a detailed description of project components like activities under basic development like boundary wall, essential services like water treatment plant etc. with details regarding utilization of available area in processing/non-processing activities.
- v. **Details regarding Support Infrastructure:** This section should provide details regarding source of water, electricity, information on proximity to national highway, port, rail, road. Information regarding availability of training, testing, warehousing facilities for components should be provided.
- vi. **Environmental Impact Assessment:** Whether environmental clearances are applicable and have been obtained and if not then the status of the same.
- vii. **On-going initiatives:** This section should provide a description of ongoing initiatives and the manner in which duplication will be avoided and synergy created through the proposed project.
- viii. **Technology issues (especially for CFCs):** This section should elaborate on technology choices, if any, evaluation of options, as well as the basis for choice of technology for the proposed project.
- ix. **Means of Finance and Project Budget:** This section should provide details on means of finance, evaluation of options, project budget, cost estimates and phasing of expenditure.
- x. **Time frame:** This section should indicate the proposed 'Zero' date for commencement and also provide a PERT/CPM chart, wherever relevant. Concrete timelines should be provided
- xi. **Risk analysis:** This section should focus on identification and assessment of project risks and how these are proposed to be mitigated. Risk analysis could include legal/ contractual risks, environmental risks, revenue risks, project management risks, regulatory risks, etc.
- xii. **Success criteria:** Success criteria to assess how the Development Objectives will be achieved should be spelt out in measurable terms (in terms of quantum of investment, employment generated etc). Base-line data should be available against which success of the project will be assessed at the end of the project (Impact assessment). Success criteria for each Deliverable/Output of the project should also be specified in measurable terms to assess achievement against proximate goals.

- xiii. **Sustainability:** Issues relating to sustainability, including stakeholder commitment, operation and maintenance of assets after project completion, and other related issues should be addressed in this section.
- xiv. Proposed production and export figures; proposed revenue to the Government; proposed employment generation etc.

Format for approval letter

To

Date:

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Subject: Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme –Approval for setting up of <EMC Project or CFC (as the case may be)> at <<location>>

Madam/ Sir,

I am directed to convey the approval of the Ministry of Electronics and Information Technology (MeitY), Government of India under EMC 2.0 Scheme for establishment of <<.project name>> at << location >> with a project cost of Rs. <<>>, including financial assistance of Rs. <<>>. The financial assistance for the project is subject to compliance of the Scheme and Guidelines issued by Government of India from time to time and the terms and conditions stipulated hereinafter.

2. The eligible activities, break-up of project cost and funding pattern as approved by the MeitY under EMC 2.0 Scheme are as follows:

S.No	Project Component	Quantity/ measurement	Cost
1			
2			
3			
4			

S.No	Project Component	Quantity/ measurement	Cost
5			
6			
7			
8			
	Grand Total		

3. Details of funding for Total Project:

- i. *Financial assistance from Government of India:*
- ii. *Bank Loan/Others:*
- iii. *Other Sources:*

4. Implementation schedule: The project components-wise implementation schedule is as follows:

Total Duration of the project - <<<>> months

Project Component wise timeline:

5. The PIA shall execute an agreement with the PMA for proper utilization of financial assistance wherein it shall undertake to abide by the terms and conditions specified in the approval letter, the terms of the Scheme and guidelines and any instructions issued by the Ministry of Electronics and Information Technology from time to time. In the event of failing to comply with the conditions or committing breach of the agreement, it shall be liable to refund to the President of India through PMA the entire amount of the financial assistance along with the penalties or interest (if any) imposed by the Governing Council on such PIA(s).

6. Terms & Conditions

A. General

- i. The PIA shall create an Escrow Account with a Bank (Nationalized or Commercial) and provide the details thereof to the PMA (*Name of the agency*). The PMA shall enter into a Tripartite Escrow Agreement with the PIA, and the Bank where the escrow account of the PIA is maintained for proper utilization of the financial assistance.
- ii. In EMC projects, a minimum 70% of the utilisable land area (excluding internal development for roads, carriageways, green spaces, drainage, sewage etc and common infrastructure for utilities such as Power, Lighting, Waste Management, Effluent Treatment, Fire Fighting and Safety etc.) has to be allotted for processing activities and remaining area may be allotted for non-processing activities as included in list of desirable activities under the Scheme.
- iii. Government of India's disbursement will be effected to the escrow account only when proportionate contribution from PIA is deposited in the escrow account. All the payment will be released in accordance to Clause 6 of the EMC 2.0 Guidelines. The deposits in the escrow account shall be utilized only for authorized expenditure for the approved project (s).
- iv. Financial assistance sanctioned by the Government of India would be utilized only for the project components mentioned in this approval letter.
- v. Enhancement in the cost of the individual project components will be the responsibility of the PIA. The financial assistance for the project shall be limited to the approved amount as per this approval letter.
- vi. In event of reduction of cost in a project component, the financial assistance shall automatically get reduced on pro-rata basis for the said project component.
- vii. It shall be the responsibility of the PIA to obtain necessary approvals and clearances required for the project (as applicable) before or during (as the case may be) the implementation but not later than the release of last instalment of financial assistance.
- viii. The PIA shall submit the "Utilization Certificate" on the basis of audit done by Chartered Accountant in accordance with General Financial Rules 2017 and other terms and conditions as prescribed by Ministry of Finance, Government of India from time to time.
- ix. The PIA shall maintain separate books of accounts of the Government financial assistance and furnish audited statement of accounts to the PMA. These audited statements of accounts should be furnished after utilization of the each instalments/ tranche of instalment or whenever called for.
- x. The PIA 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.
- xi. In case Government of India is of the opinion that the implementation of the project or operation of the PIA is not satisfactory, the Government of India would have the powers to cancel the project or appoint a new project implementing agency for completion of the project.
- xii. The PIA shall submit Quarterly Progress Reports (QPRs) on regular basis. PIA shall continue to submit the QPRs to PMA atleast for one year after completion of the project.
- xiii. The accounts of PIA shall be open to inspection by the Ministry 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 Electronics and Information Technology as and when deemed necessary. Ministry of Electronics and Information Technology shall also have the right to appoint an agency for undertaking such audit.

B. Assets

- i. The assets acquired wholly or substantially out of Government funding 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.
 - ii. The Utilization Certificate should be submitted within twelve (12) months of the closure of the financial year by the PIA, Receipt of such certificate shall be scrutinized by PMA. Where such certificate is not received from the PIA within the prescribed time, the Ministry or Department will be at liberty to blacklist such PIA from any future grant, subsidy or other type of financial support from the Government.
 - iii. A register of permanent and semi-permanent assets acquired wholly or mainly out of the funds be maintained in accordance of the GFR.
 - iv. A return of such assets acquired during a financial year should be furnished in accordance of the GFR.
7. In case of any dispute, Secretary, Ministry of Electronics and Information Technology, Government of India, shall be the sole "Arbitrator" and his decision shall be final and binding to all concerned.

Yours faithfully,

<<Authorized Signatory>>