

भारत सरकार
GOVERNMENT OF INDIA
संचार और सूचना प्रौद्योगिकी मंत्रालय
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
इलेक्ट्रॉनिकी और सूचना प्रौद्योगिकी विभाग
DEPARTMENT OF ELECTRONICS AND INFORMATION TECHNOLOGY
Website: www.deity.gov.in

संख्या
No.....

दिनांक
Date.....

F.NO: 36 (9)/2014-IPHW-Vol-II

Dated: 25th August 2014

To,

Sh. L.K. Tiwari,
Additional Chief General Manager
Madhya Pradesh State Electronics Development Corporation Ltd. (MPSEDC)
47-A, State-IT Centre Arera Hills,
Bhopal - 462011

Subject: Electronics Manufacturing Cluster Scheme – Final approval for setting up of
Greenfield Electronics Manufacturing Cluster at Badwai, Bhopal, M.P.

Sir,

I am directed to convey the approval of the Government of India under Electronics Manufacturing Cluster Scheme (EMC) for project at Badwai, Bhopal, Madhya Pradesh, with a project cost of Rs. 46, 16,28,647, including Central grant of Rs. 20,86,46,599. The Central grant 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 hereafter. The details of the project as follows:

#	Parameter	Details
1.	Name of the Applicant	Madhya Pradesh State Electronics Development Corporation Ltd. (MPSEDC)
2.	Location of the EMC	Badwai, Bhopal, M.P.
3.	Area of the EMC	50 Acres Processing area – 46.39 acres (92.8%) Non – Processing area - 3.61 acres (7.2%)
4.	Sector identified for the EMC	ESDM (Telecom and IT Hardware)
5.	Timelines for formation of SPV	6 months



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2. The area mentioned above is notified as a Greenfield Electronic manufacturing cluster under EMC scheme.

3. The eligible activities, break-up of project cost and funding pattern as approved by the DeitY under Electronics Manufacturing Clusters Scheme are as follows:

#	Project Component	Cost (in Rs.)
A	Basic development, Essential & Govt. regulatory services	
1	Internal Roads	3,12,67,926
2	Retaining Wall	2,98,59,657
3	Cutting, filling and Consolidation	3,82,08,360
4	Drainage and culverts	2,47,44,426
5	Footpaths and Pathways	84,38,907
6	Sewage Network + Septic Tank	58,73,554
7	Water Supply Network + OHT + Sump Tank	1,03,22,883
8	Horticulture and Landscaping, Park development, etc.	93,11,105
9	Power Supply (33/11 KV SS with 10 MVA Transformer, Switch Yard, Internal UG Cables, Street Lighting)	7,62,15,628
10	Administration Block with Centralized AC Facility	1,41,74,932
	Escalation (@ 5%)	1,24,20,869
	Sub Total (A)	26,08,38,247
B	Manufacturing Support Facilities	
1	Building Cost	5,24,17,082
2	Equipment Cost (Tool Room, CAD CAM Design House, Testing Lab)	4,90,33,002
	Escalation (@ 5%)	50,72,504
	Sub Total (B)	10,65,22,588
C	Other support facilities	
1	Trade Pavilions with Centralized AC Facility, Conference Facility, etc.	3,57,96,300
	Escalation (@ 5%)	17,89,815
	Sub Total (C)	3,75,86,115
D	Welfare facilities	
1	Local Shopping Centre, Restaurants, Canteen, Facilities for ATMs	2,03,46,418
2	Horticulture and Landscaping, Park development etc.	5,05,152
	Escalation (@ 5%)	10,42,578
	Sub Total (D)	2,18,94,148
E	Consultancy & Supervision charges	2,13,42,055
F	Admin Expenses	1,34,45,495
	Grand Total (A+B+C+D+E+F)	46,16,28,647/-

The details of the project cost and grant-in-aid are as follows:

In Rupees

#	Parameter	Project Cost	Grant – in – aid (from GoI)
1	Processing area	39,00,63,271	19,50,31,636
2	Non processing area	3,67,77,826	73,55,565
3	Consultancy & Supervision charges	2,13,42,055	-
4	Admin expenses	1,34,45,495	62,59,398
	Total	46,16,28,647	20,86,46,599

Details of funding for Total Project:

S.No.	Funding Sources	Amount (In Rs)
1	Central Grant	208646599/-
2	Contribution by State Govt.	81100000/-
3	Contribution from cluster enterprises/ units	120900000/-
4	Contribution from MPSEDC (for the shortfall in grant assistance determined during appraisal)	50982048/-
	Total	46,16,28,647/-

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

Total Duration of the project - 27 months

Project Component-wise timeline:

Phases	Project Components	Timeline
Phase I	Development of EMC layout (plotted development) along with minimum common infrastructure that includes boundary wall, security, safety, internal roads, street lighting, water supply, sewerage system and solid & waste management facilities, minimum manufacturing support facilities such as tool room, testing and calibration and EMC/ EMI facilities.	15 months
Phase II	Balance manufacturing support facilities, welfare, other support facilities and other infrastructure facilities.	12 months
	Total	27 months

5. MPSEDC shall ensure that SPV is formed as per full compliance with terms and conditions in the Electronics Manufacturing Cluster Scheme, the guidelines and any other instructions issued by DeitY from time to time, and within the timelines as approved by DeitY. In the event of failing to comply with the conditions or committing breach of the bond it shall be liable to refund to the President of India the entire amount of the grant with interest @ Prime Lending Rate (PLR) per annum thereon and will be liable to such other penalties as provided under the approval and any other law.

6. MPSEDC shall execute a bond for proper utilization of grant wherein it shall undertake that it shall abide by the terms and conditions specified in the approval letter, the terms of the Scheme and guidelines and any instruction issued by the Department of Electronics and Information Technology from time to time. MPSEDC or the SPV (when formed) shall also be required to provide a *Self-certified undertaking that they have not obtained or applied for grants for the same purpose or activity from any other Ministry or Department of the Government of India or State Government*. In the event of failing to comply with the conditions or committing breach of the bond it shall be liable to refund to the President of India the entire amount of the grant with interest @PLR per annum thereon and will be liable to such other penalties as provided under law.

7. Terms & Conditions:

A. General:

- i. MPSEDC and 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 MPSEDC or the SPV, as the case be, and the Bank where the escrow account of the SPV is maintained for proper utilization of the central grant.
- ii. MPSEDC and 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.
- iii. MPSEDC and 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.

- iv. The first installment of 20% of the approved Central grant will be released in advance. The subsequent installments will be released as mentioned below:
- a. 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.
 - b. 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.
 - c. The final installment of 20% of Central grant will be released after successful completion of the project
 - d. MPSEDC/ SPV (when formed) is required to submit a Bank Guarantee as per clause 6.13 of the EMC Guidelines
- v. The Government of India's disbursement will be effected to the escrow account only when proportionate contribution from MPSEDC or the SPV (as the case may be) is deposited in the escrow account. All the payment to MPSEDC or the SPV will be released in accordance to clause 6.13 of the EMC Guidelines. The second installment of grant would be released only after MPSEDC or the SPV fulfils the following:
- a. Gets the firm commitment for investment from the Anchor unit in the form of M-SIPS application.
 - b. Firm commitment of 25% contribution from the constituent units.
- The deposits in the escrow account shall be utilized only for authorized expenditure for the approved project.
- vi. The grant sanctioned by the Government of India would be utilized only for the project components mentioned in this letter.
- vii. Enhancement in the cost of the individual project components will be the responsibility of MPSEDC or the SPV, as the case be. MPSEDC or the SPV, as the case be, 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 this approval.
- viii. 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.



- ix. It shall be the responsibility of MPSEDC or the SPV, as the case be, to obtain necessary approvals and clearances as applicable before implementation.
- x. MPSEDC and the SPV, as the case be, 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.
- xi. MPSEDC or the SPV, as the case be, 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.
- xii. MPSEDC or the SPV, as the case be, 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.
- xiii. In case the Government of India is of the opinion that the implementation of the project or operation of MPSEDC or the SPV is not satisfactory or in case of disputes amongst the Board members of MPSEDC or the SPV, the Government of India would have the powers to change MPSEDC or effect a change in the management of the SPV or issue such directions as may be necessary. The articles of association of the SPV and the agreement with MPSEDC 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.
- xiv. Any other special terms and conditions or procedures for transaction of business, as Government may desire to be followed by MPSEDC or the SPV, shall be incorporated in the Articles of Association of bye-laws of SPV and in the Agreement with MPSEDC before release of grant-in-aid.
- xv. 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. MPSEDC or the Managing Director of MPSEDC, or the Managing Director of SPV, as the case be, would be the Drawing and Disbursing Officer for the amounts released under this sanction. DeitY reserves the right to nominate a representative on the Board of SPV.

- xvi. MPSEDC or the SPV, as the case be, shall submit performance-cum-achievement report before applying for the next installment as grant (within 6 months from end of every Financial Year).
- xvii. The accounts of MPSEDC or 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 MPSEDC or the SPV, as the case be, is called upon to do so.
- xviii. MPSEDC or the SPV, as the case be, shall complete process for transfer of the roads and Right of Way as per proposal to Govt. of India for the project.

B. Assets

- i. 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.
- ii. 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 MPSEDC or the SPV, as the case be.
- iii. The Utilization Certificate should be submitted within six months of the closure of the financial year by MPSEDC or the SPV, as the case be. 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 MPSEDC or the SPV from any future grant, subsidy or other type of financial support from the Government.
- iv. 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.
- v. A return of such assets acquired during a financial year should be furnished in the Form-GFR-19.
- vi. 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.



vii. In case of dissolution of MPSEDC or the SPV, as the case be, at any point in time, all assets and any unutilized grant shall vest with the Government of India.

C. Monitoring

- i. MPSEDC and the SPV shall report on the physical progress as well as the expenditure incurred in the project to the Government of India every quarter.
- ii. The DeitY shall display on its website the details of the project approved and the progress of its implementation.

D. Administrative Expenses:

- i. Out of the Central grant, administrative expenses shall be limited to that approved as per this approval. Administrative expenses beyond this amount shall be met by MPSEDC or the SPV, as the case be, from its own resources.
- ii. The administrative expenses will be incurred during execution of the project.

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.



Dr. Ajay Kumar

Joint Secretary, DeitY

Tel: 011-24360160

Copy to:

1. PS to Hon'ble MCIT, Govt of India
2. Secretary DeitY
3. JS&FA, DeitY
4. Secretary IT Govt. of Madhya Pradesh



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