

Cabinet approves Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme

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The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi has approved financial assistance to the Modified Electronics Manufacturing Clusters (EMC2.0) Scheme for development of world class infrastructure along with common facilities and amenities through Electronics Manufacturing Clusters (EMCs). It is expected that these EMCs would aid the growth of the ESDM sector, help development of entrepreneurial ecosystem, drive innovation and catalyze the economic growth of the region by attracting investments in the sector, increasing employment opportunities and tax revenues.

The Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme would support setting up of both Electronics Manufacturing Clusters (EMCs) and Common Facility Centers (CFCs). For the purpose of this Scheme, an Electronics Manufacturing Cluster (EMC) would set up in geographical areas of certain minimum extent, preferably contiguous, where the focus is on development of basic infrastructure, amenities and other common facilities for the ESDM units. For Common Facility Centre (CFC), there should be a significant number of existing ESDM units located in the area and the focus is on upgrading common technical infrastructure and providing common facilities for the ESDM units in such EMCs, Industrial Areas/Parks/industrial corridors.

Financial Implications

The total outlay of the propose EMC 2.0 Scheme is Rs. 3,762.25 crore (Rupees Three Thousand Seven Hundred Sixty Two Crore and Twenty Five Lakh Only) which includes the financial assistance of Rs. 3,725 crore (Rupees Three Thousand Twenty Five Hundred Crore Only) and administrative and management expense to the tune of Rs. 37.25 crore (Rupees Thirty Seven Crore and Twenty Five Lakh Only) over a period of eight (8) years.

Benefits

The Scheme will create a robust infrastructure base for electronic industry to attract flow of investment in ESDM sector and lead to greater employment opportunities. Following are the expected outputs/outcomes for the Scheme:

- i. Availability of ready infrastructure and Plug &Play facility for attracting investment in electronics sector;
- ii. New investment in electronics sector
- iii. Jobs created by the manufacturing units;
- iv. Revenue in the form of taxes paid by the manufacturing units

Background

To build and create requisite infrastructure ecosystem for electronics manufacturing; Ministry of Electronics and Information Technology (MeitY) notified Electronics Manufacturing Clusters (EMC) Scheme which was open for receipt of applications upto October, 2017. A period of 5 years (i.e. upto October, 2022) is available for disbursement of funds for the approved projects. Under EMC scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) measuring an area of 3565 acres with project cost of Rs. 3898 crore including Government Grant-in-aid of Rs. 1577 crore have been approved in 15 states across the country.

There is a need for continuation of such scheme in modified form for further strengthening the infrastructure base for electronics industry in the country and deepening the electronics value chain.

India's electronics production has increased from Rs. 1,90,366 crore (US\$29 billion) in 2014-15 to Rs. 4,58,006 (US\$ 70 billion) in 2018-19, at a Compound Annual Growth Rate (CAGR) of about 25%. India's share in global electronics manufacturing grew from 1.3% (2012) to 3.0% (2018). It accounts for 2.3% of India's GDP at present.

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