

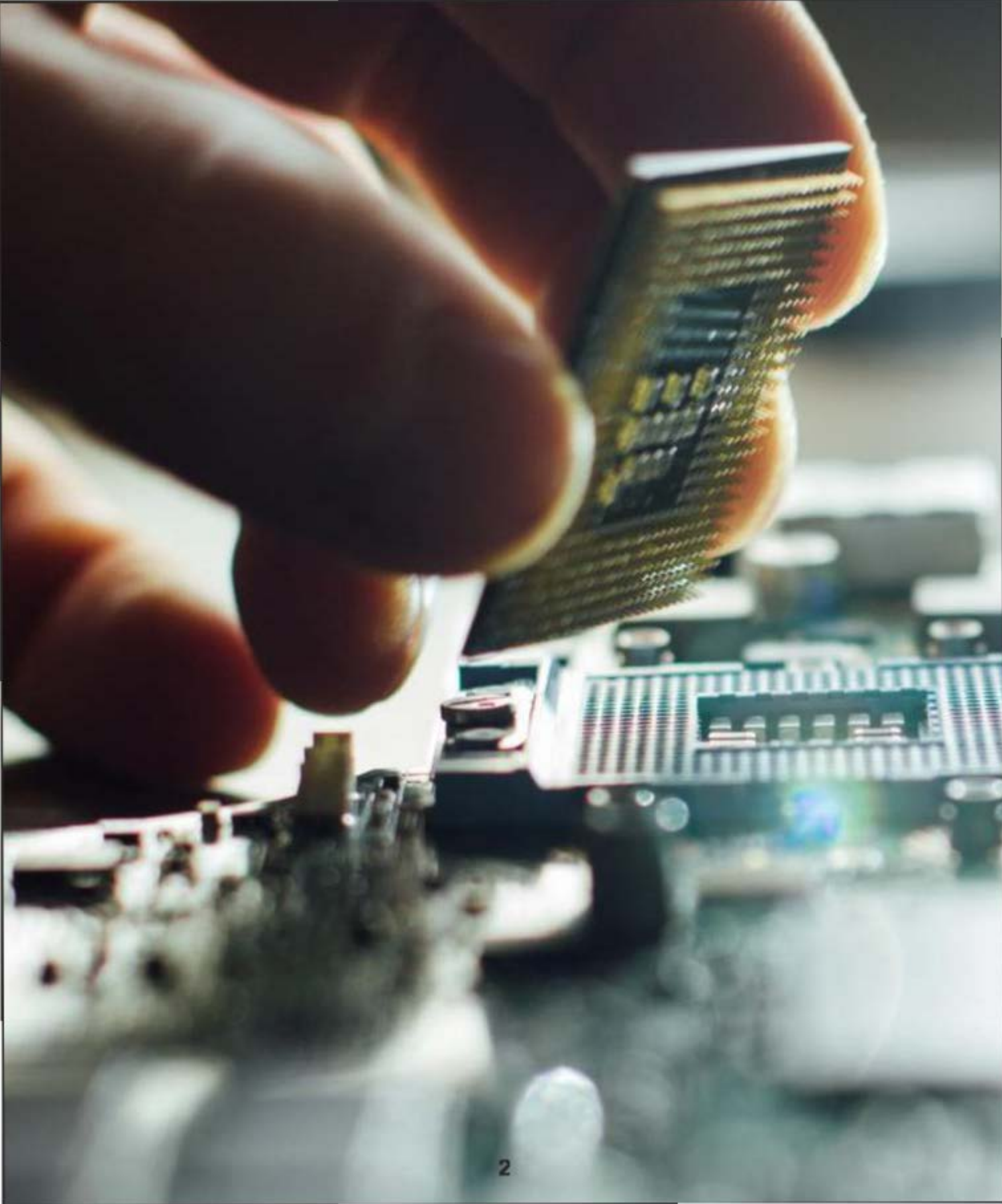


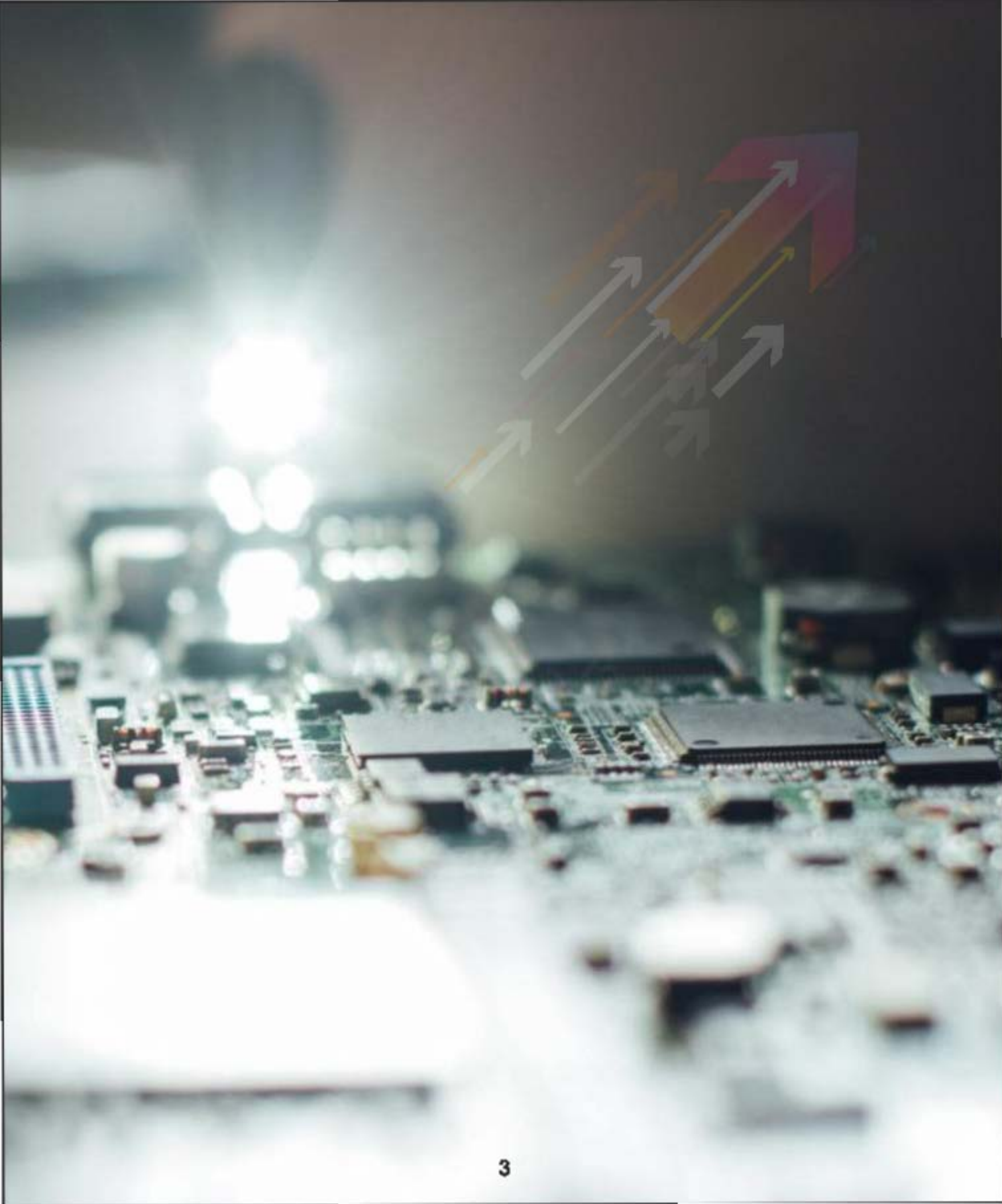
# ELECTRONICS

Driving the Next Generation Manufacturing.

POWERING **NEW INDIA**











## GLOBAL SCENARIO

- Electronics Industry is amongst the largest and fastest growing manufacturing industry in the world.
- Over a period, the dynamics of the industry has changed, production has migrated from high cost to low cost locations.
- Production bases have shifted from USA and EU to Asia and the latter's share in global production has increased to over 60%.
- Over the next few years, focus will be on production of more complex products in higher volume with low cost.
- With growing pressure on China OEM's and electronic manufacturing services look forward to relocate their production sites. India with large domestic market will be the most preferred destination for manufacturing sites.
- The Government is driving forward reforms in electronics manufacturing sector through major initiatives like 'Make in India' and by creating favourable policies to enable an investor friendly environment.

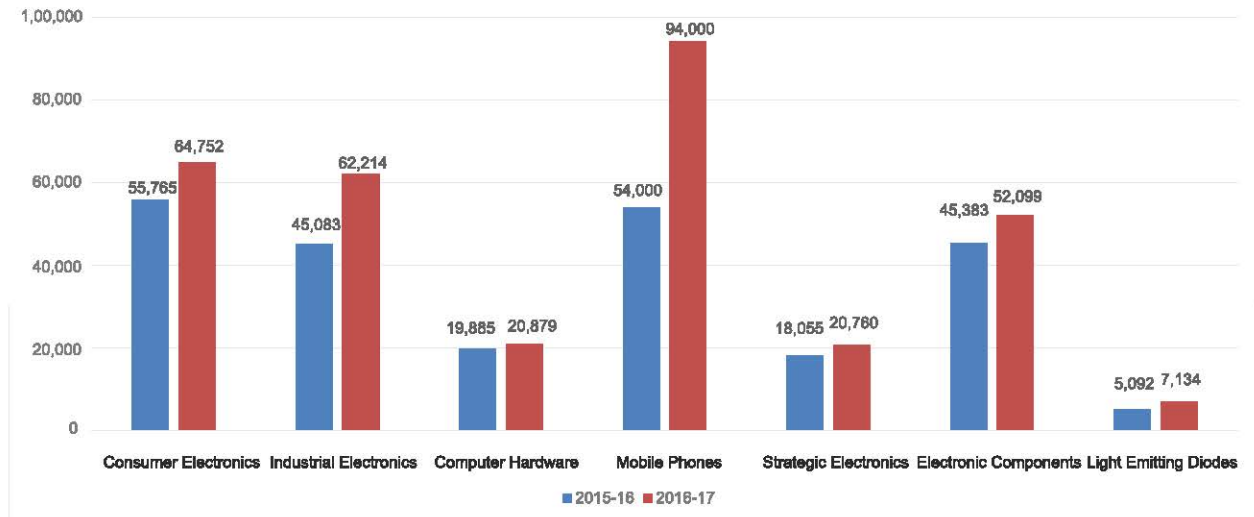


## INDIA SCENARIO

- India's economy with moderate inflation powered by sustained growth in consumer spending, favourable demographics and high FDI.
- It is estimated that demand for electronics products and system in India will be about INR 26,00,000 Cr by 2020.
- Total electronic imports in India in 2015-16 was nearly INR 2,60,000 Cr while India exported electronics worth INR 37,050 Cr in FY 16.
- The overall imports of electronics exceeds domestic production thus making India dependent on imports. Increase in import tariff and domestic demand makes a favourable situation to expand electronic production in India.
- With a target of 'Net Zero Imports' by 2020, the Government is making several initiatives to promote manufacturing in the country.



## Estimated Production in Electronics Sector in India in INR Cr



Source: Annual Report (2016-17) Ministry of Electronics and Information Technology

## STATUTORY FRAMEWORK

### MODIFIED SPECIAL INCENTIVE PACKAGE SCHEME

- The scheme provides capital subsidy of 20% in SEZ (25% in non-SEZ) for units engaged in electronics manufacturing.
- It provides for reimbursements of non-creditable CVD/excise for capital equipment for the non-SEZ units.
- In July 2015, the GoI has extended this scheme till 2020 and included additional verticals. Production subsidy at the rate of 10% of the production turnover (ex-factory) has been introduced for specified sectors.

### ELECTRONICS MANUFACTURING CLUSTERS

- The GoI will provide financial assistance of up to 50% of the project cost subject to a ceiling of INR 50 Cr (for every 100 acres of land) for the development of greenfield EMCs.
- Financial assistance of 75% of the project cost subject to a ceiling of INR 50 Cr for brownfield projects.

### ELECTRONICS DEVELOPMENT FUND (EDF)

- In December 2015, the GoI announced a special EDF worth INR 10,000 Cr to help generate an R&D ecosystem in electronics in India.
- The fund aims to boost IP generation and large scale manufacturing of electronic goods in the country.
- This fund will be first used for angel investors, early- and growth-stage funds who have attained a minimum ROI of 10% and have been operational for 5 – 7 years.

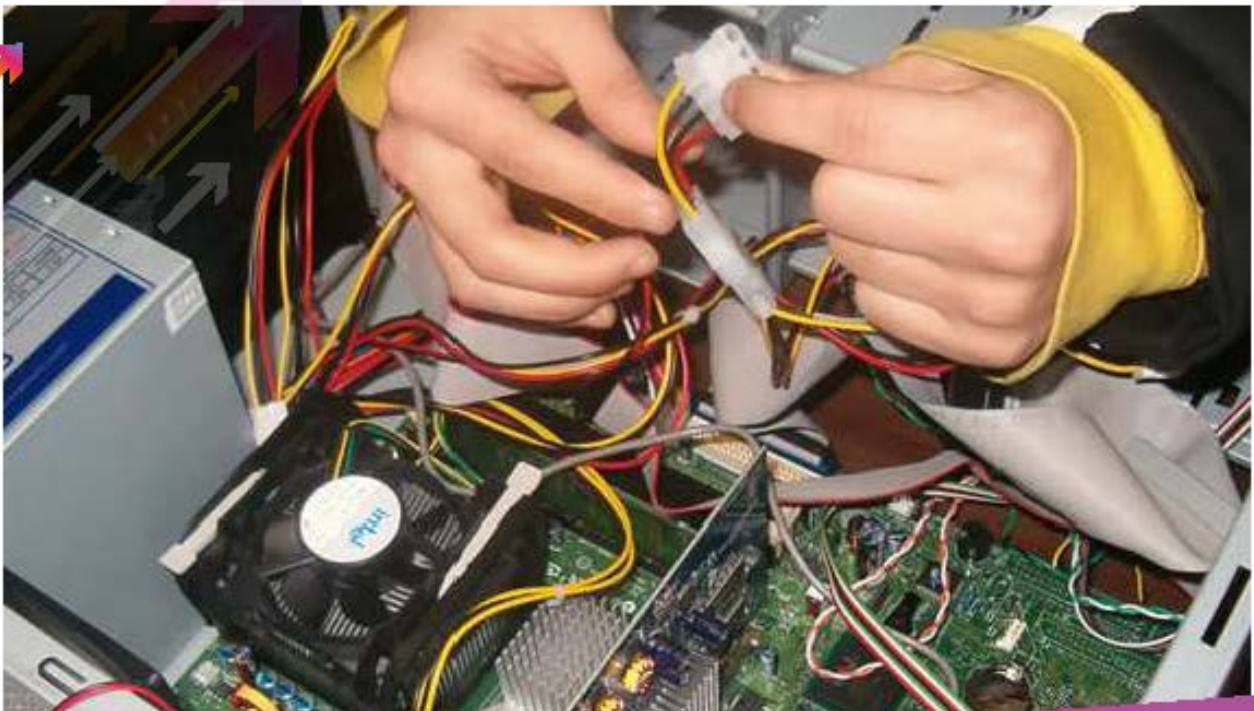


### DIGITAL INDIA CAMPAIGN

- The GoI aims to improve access to government services through IT enabled platforms; provide broadband connectivity to 250,000 villages.
- Wi-Fi facilities in 2,50,000 schools and universities and create 4,00,000 public internet access points.
- Overall spending under the Digital India campaign is expected to be around INR 1,13,000 Cr.

## UTTAR PRADESH OVERVIEW

- Uttar Pradesh is the largest exporter of consumer electronics in India.
- The State has become a hub for the semiconductor industry with several major players having their Offices and Research and Development (R&D) centres in Noida and Greater Noida.
- Noida and Greater Noida with its proximity to Delhi are amongst the most preferred investment destinations for ESDM sector in the country.
- Noida and Greater Noida Development Authority and Ghaziabad district are notified clusters in Uttar Pradesh for availing MSIPS scheme of Government of India.
- State Government has approved an incentive package of INR 5000 Cr for ESDM sector.
- Following is a brief snapshot of the ESDM sector in Uttar Pradesh.





### Manufacture of Computer, Electronic and Optical Production & Electrical Equipment

Number of Factories	196
Working Capital In INR Crore	4109
Invested Capital In INR Crore	6617
Fixed Capital In INR Crore	2971
Productive Capital In INR Crore	7081

Source : Center for Monitoring Indian Economy







## HUMAN RESOURCE AVAILABILITY

- 56% of Uttar Pradesh's 200 million population are in the working age group.
- 53 universities, 4,345 colleges, 168 polytechnics, 315 govt ITI and several research institutes, centers of excellence and other vocational institutes.
- The Abdul Kalam Technical University has 278 colleges providing B.tech degree and 104 colleges providing M.tech degree.
- The State has renowned institutes like IIT Kanpur, MNIT Allahabad and IIT Allahabad.
- Uttar Pradesh Skill Development Mission has facilitated training of about 4 Lakh youth in 4 years under different trades and more than 3 Lakh youths are targeted to be trained in different vocational courses in the financial year 2017-2018.



## INFRASTRUCTURE

- Uttar Pradesh has 60 national highways with total length of 8,483 Km.
- Its located on golden quadrilateral with excellent road network.
- 8% of Delhi-Mumbai Industrial Catchment area and 57% of Amritsar-Kolkata Industrial Corridor is in Uttar Pradesh.
- The State has the largest railway network spanning over 8,960 Km.
- 4 domestic airport at Agra, Allahabad, Gorakhpur and Kanpur. 2 International Airports at Lucknow and Varanasi.
- Industrial areas identified in the sector are in Aligarh, Amethi, Gautam Buddh Nagar, Barabanki and Etawah.





# KEY INVESTABLE PROJECTS

## YAMUNA EXPRESSWAY ELECTRONICS MFG. CLUSTER

- 100 acres EMC is being established on Plot 6A, Sec-24, Yamuna Expressway.
- The EMC will provide employment to more than 1 Lakh people & with more than INR 3,500 Cr Investment.
- 8 electronics manufacturing companies including the anchor unit 'Lava International' are based in EMC.
- The Companies investing in the State are leading Producers of Mobile Phones and Mobile Phone Accessories, Thin-Film Transistor (TFT), LED & Telecom Products and Consumer Electronics.



## ECOTECH VI & VII, GREATER NOIDA EMC

- The EMC is spread on gross area of 210 acres.
- It provides facilities like support complex test & certification, design house plastic moulding, sheet metal packaging, IT/communication centre, common training/convention centre, workers housing complex & related facilities.
- Oppo Mobiles anchor unit is based in this EMC with investment around INR 3,000 Cr and job creation of around 70,000 people.

## NOIDA AND GREATER NOIDA – HOTSPOTS FOR ELECTRONICS MANUFACTURING

- NOIDA and Greater Noida provide world class infrastructure supported by reliable power supply, abundant water, outstanding residential, educational, medical facilities and the presence of highly skilled and semi-skilled workforce.
- The region is home to many renowned T&E companies such as Samsung, LG, Vivo, Oppo, Intex, IBM, TCS, Adobe International, HCL, Nasscom, Birlasoft, Wilpron, Polarles, Cadence, etc.

Besides there are Special Economic Zones (SEZs) and software technology parks spread over an area of more than 1,000 acres across the State.



# FEATURES OF ELECTRONICS MANUFACTURING POLICY, 2017 OF UTTAR PRADESH

## 1. CAPITAL SUBSIDY

- A Capital Subsidy of 15% on fixed capital other than land, subject to max. INR 5 Cr.
- The upper limit of Capital subsidy may be relaxed, subject to max. INR 150 Cr on case to case basis for investment more than INR 200 Cr.

## 2. INTEREST SUBSIDY

- An interest subsidy of 5% per annum for 7 years subject to max. Rs. 1 Cr per annum per unit.

## 3. STAMP DUTY

- 100% exemption of stamp duty on purchase/lease of land for the establishment of individual ESDM units under EMZ.
- For purchase/lease of land for the establishment of EMCs/ESDM parks, 100% exemption of stamp duty on first transaction (Authority to Developer/SPV) and 50% exemption of stamp duty on second transaction (Developer/SPV to ESDM units).

## 4. INCENTIVES FOR FILING PATENTS

- Reimbursement of up to 100% of actual filing costs on awarded patents subject to a maximum of INR 5,00,000 for Domestic and INR 10,00,000 for International patents.

## 5. STATE GST REIMBURSEMENT

- 100% SGST Reimbursement subject to a maximum of 100% of fixed capital investment other than land (such as building, plant, machinery, testing equipment etc.) for 10 years.

## 6. PROVISION OF LAND

- **25% Land Rebate on prevailing sector rates** shall be provided either to EMC SPV / ESDM Parks and individual ESDM units establishing inside EMZ on purchase of land from State Agencies.
- **Floor Area Ratio (FAR)**- Units will be allowed for 3.0+ 1.0 (Purchasable) FAR.
- **Dormitories for workers and welfare facilities** - Up to 30% of total FAR in min. 50 acres of land size as "Industrial Land Use" and shall be allowed for welfare facilities like Dormitories for workers, canteen, dispensary etc.

## 7. CASE TO CASE BASIS

**For ESDM Units with Investment of more than INR 200 CR.**



## OPTION - 1

- ESDM units, with investment of more than INR 200 Cr and up to the limit of INR 300 Cr and creates employment opportunities for minimum 1000 people shall be given special incentives as per the existing provisions of the policy, which shall be determined by the empowered committee. The max. limit of the Financial incentives i.e. Capital subsidy and Interest Subsidy may be relaxed on the recommendation of the Empowered Committee and subject to approval from the state cabinet.
- ESDM units with investment of more than INR 300 Cr and creates employment opportunities for minimum 1500 people, shall be given special incentives, apart from the existing provisions of the policy, which shall be in the form of EPF, ESI Reimbursement, Electricity Duty Reimbursement, Training Cost Reimbursement, Rebate on Land, Power etc. and any other head to be determined by the Empowered Committee and subject to approval from the state cabinet.

## OPTION - 2

- ESDM unit, with investment of more than INR 200 Cr and creates employment opportunities for minimum 1000 people, shall be given 80% Reimbursement on SGST subject to a maximum of 200% of fixed capital investment other than land (such as building, plant, machinery, testing equipment etc.) for a period of 10 years, whichever is earlier, which shall be decided by the Empowered Committee and the State Cabinet.
- Apart from the SGST Reimbursement as mentioned above, the ESDM Unit shall avail only Stamp Duty Exemption, land provision, EMC infrastructure development and non-fiscal incentives under this option.

## 8. EMC INFRASTRUCTURE FACILITIES

- State Government shall provide a subsidy equivalent to 50% of the grant provided by the Central Government under National Policy on Electronics, 2012 in terms of the cost incurred in developing infrastructural facilities (Roads, Power, Water, Testing facilities, Social Infrastructure etc.) for EMC development.

## 9. OTHER BENEFITS

- Reimbursement of up to 5% of Fixed Capital Investment (other than land) for ESDM units on Training Cost incurred for High Skilled Technology Training e.g. Embedded System Design, VLSI Design, PCB Design and Manufacturing, Chip Manufacturing, TFT Manufacturing etc. subject to max. of INR 25 Cr per unit, 50% of cost incurred on Training subject to max. of INR 2.5 Lakh per employee for International Training and INR 1 Lakh per employee for Domestic Training on completion of six months of employment for their UP Domicile workers, establishing inside EMZ.
- These incentives shall be applicable for ESDM Units with investment of more than INR 300 Cr on case to case basis and shall not be more than 100% of Fixed Capital from all the resources unless stated otherwise in the policy.



## 10. PRIVATE ESDM PARKS

Domestic / Foreign Investors of ESDM sector who are willing to establish their unit in ESDM parks and are developed by the developers shall be given the following incentives:

- Allowed on minimum 50 acre land.
- 25% Land Rebate on the prevailing sector rates shall be provided on purchase of land from state agencies.
- Developers shall get outside infrastructural development from Authorities.
- Single Window Assistance from concerned authority and nomination of Nodal Officer for every park.
- Interest subsidy in the form of reimbursement of interest of up to 60% of annual interest for 7 years on the loan taken for building infrastructure (e.g. Road, Electricity, Water, Dormitories etc.) in the industrial parks subject to Rs. 10 Cr per year with an overall ceiling of Rs. 50 Cr per park.
- 100% exemption of Stamp Duty for purchase/lease of land on first transaction (i.e. Authority to Developer/SPV) and 50% on second transaction (i.e. Developer/SPV to ESDM Units).





# INVESTMENT OPPORTUNITIES

## Consumer Electronics

- This segment is forecasted to be the fastest growing among all industries.
- Rising disposable income and improved consumer financing is resulting into increased affordability.

## Automotive Electronics

- Increased demand for safety, energy efficiency, connectivity and IoT is leading to increased electronics content in vehicles.
- Increased consumer interest in electric vehicles is further strengthening the demand.

## Industrial Electronics

- Large government infrastructure projects such as smart cities and modernization of railways.
- Increasing automation in industries with the emergence of IoT is driving demand for industrial electronics. Uttar Pradesh also has the highest number of MSMEs which provide domestic demand for industrial electronics.

## Medical Devices

- Growth in remote patient monitoring leading to demand for handheld, portable health care devices.
- Rising awareness of preventive health care driving consumption of wearable devices.

## Aerospace and Defence Electronics

- Higher demand for electronic products for home security by individuals, police and armed forces provides opportunity to invest in Aerospace and Defence Electronics.

## Networking Equipments

- With Digital India program and rise in internet connectivity, LAN system, etc. there is potential to expand in this area.
- Semi-conductor wafer design and fabrication
- Manufacturing of semiconductor based solar energy equipment's like solar cells.
- Higher demand for IT hardware manufacturing of processor.

## Skill Development

- As Uttar Pradesh has the largest demographic dividend in India and electronics manufacturing is an emerging sector, there exists big opportunity for skill development.

## KEY PLAYERS



**INTEX**

**LAVA**

**Dixon**



**H.G.D (INDIA)**

**BGM** Your Trusted Partner









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