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INVITATION FOR EXPRESSION OF INTEREST
FOR ESDM COMPANIES TO SETUP ANCHOR UNITS UNDER
“MODIFIED ELECTRONICS MANUFACTURING CLUSTER (EMC 2.0)”
IN THE STATE OF KARNATAKA

Karnataka Innovation and Technology Society (KITS)
Department of Electronics, IT, Bt and S&T, Government of Karnataka.,
BMTc – Central Offices Building,
TTMC ‘B’ Block, 4th Floor,
Shanthinagar, KH Road,
Bengaluru 560 027

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**INNOVATE
KARNATAKA**



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NOTICE OF INVITATION

Eol Notice number : KITS/IT/ESDO/14/2021-IT-KITS

KITS invites Expression of Interest (Eol) for setting up manufacturing plant as an Anchor Unit/s at Electronic Manufacturing Cluster 2.0 (EMC 2.0) in Mysuru District – Kochanahalli Industrial Area and Dharwad District – Kotur – Belur Industrial Area.

The interested companies are required to send in their filled application (available at www.itbst.karnataka.gov.in) to the email: kitsgok@karnataka.gov.in with the Subject “Expression of Interest for EMC 2.0.”

The detailed Eol is available at <https://itbst.karnataka.gov.in>
The application forms shall be considered on “first come first serve basis”. Any notices/ information related to this Eol notice in the future shall be uploaded on <https://itbst.karnataka.gov.in> only.

The deadline for submission of Expression of Interest is before 3.00 P.M. on 15-02-2022. Refer to the Eol document for prequalification criteria and other conditions. The details on EMC 2.0 can be found on www.itbst.karnataka.gov.in or www.meity.gov.in.

**Sd/-
Managing Director
KITS**

KARNATAKA INNOVATION & TECHNOLOGY SOCIETY (KITS)

Department of Electronics, IT, BT and S&T, Government of Karnataka
BMTc Central Offices Building, TTMC 'B' Block, 4th Floor,
Shanthinagar, KH Road, Bangalore-560027. India
Phone : 080-2223-1006 / 8, E-mail: kitsgok@karnataka.gov.in

DIPR/DDU/1347/AKAR/2021-22

COVID-19 - DON'T SPREAD RUMOURS. ACT RESPONSIBLY, AVOID INFECTION-NOT THE INFECTED.



**Wear
Mask**



6 Feet
**Follow Social
Distancing**



**Maintain
Hand
Hygiene**

Eol inviting firms to be the Anchor Units in EMC's of Karnataka under EMC 2.0 Scheme of Government of India

IMPORTANT DATES AND INFORMATION REGARDING COMMUNICATIONS

Eol No.	KITS/IT/ESDO/14/2021-IT-KITS
Mode of Eol submission	Online to Kitsgok@karnataka.gov.in with the Subject "Expression of Interest for EMC 2.0".
Last date for receipt of queries	8th Feb 2022
Time & Date of Pre-Eol Conference	10th Feb 2022
Last date for submission of Eol	15th Feb 2022 before 3 pm
Address of KITS	Karnataka Innovation and Technology Society (KITS) Department of Electronics, IT, Bt and S&T, Government of Karnataka., BMTC – Central Offices Building, TTMC 'B' Block, 4th Floor, Shanthinagar, KH Road, Bengaluru 560 027
Announcement of Qualifying Applicants	16th Feb 2022
Nodal person from KITS for this Eol	Smt. Champa E, General Manager, KITS Email: gm3kbits@gmail.com Mob: 88848 52582

1. Introduction to the Electronic System Design and Manufacturing (ESDM) Sector

1.1. Global Electronics Ecosystem

Electronics Systems Design and Manufacturing ("ESDM") sector has seen rapid growth in the past decade, riding on increasing demand from emerging market economies. Manufacturing has also seen a shift in its loci from Europe and North America to Asia. China is the leading global destination for ESDM, accounting for nearly 40% of global electronics production and 30% of the global electronics exports. South East Asia, especially Vietnam and Indonesia, has been emerging as a global hub for electronics manufacturing due to cheaper labour costs, proximity & cultural affinity to China and attractive incentives.

The outbreak of the COVID 19 Pandemic in 2020 led to the consequential shut down of manufacturing in China. Companies in ESDM sector, predominantly those with manufacturing plants in China, have realized the need to diversify their manufacturing locations and have started scouting for potential locations to ground their investments out of China. The Pandemic has also led to unprecedented challenges in terms of the impact on the Global Economy and major disruptions in supply chain across industries. However, there are various opportunities which have emerged. Globally, the focus is shifting towards green economy, digitalization in industries, sustainable tourism and enhancement of workforce competitiveness and skills

The global electronics products market is expected to grow from USD 0.9 Trillion in 2020 to USD 1.1 Trillion in 2021. With a CAGR of 5%, the market is expected to reach 1.3 Trillion in 2025. The electronics industry is projected to grow due to demand for technologically advanced versions of existing products and emerging technologies. Rising adoption of smartphones is fuelling global markets.

1.2. India's Alignment with Global Ecosystem

With a large domestic market and existing ecosystem, India is well positioned to attract these companies. India's gross output of electronic components stood at USD 3.7 Billion in 2020 with a projection of reaching USD 4.5 Billion by 2022. Currently, India exports approximately USD 9.6 Billion worth of electronics, contributing ~10% of overall exports, which is around USD 98.2 Billion (including both high value and low value-added manufacturing). It is expected that consumer electronics and appliances market in India will become the fifth largest in the world by 2025. Mobile Phone components manufacturing and assembly, by itself is poised to be a USD 230 billion industry by 2025. India is ideally suited for channelling the potential growth in the ESDM sector in the coming years.

In order to increase the domestic production of electronics and propel the growth of the ESDM industry, the Union Cabinet approved the National Electronics Policy in 2019 ("NPE 2019"). NPE

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2019 aims to encourage domestic manufacturing and exports in the ESDM value chain to achieve economic development and a turnover of USD 400 billion by 2025. NPE also aims to increase exports to 60% of domestic production.

The Government of India notified the Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing on April 1, 2020. PLI for Large Scale Electronics Manufacturing offers a production linked incentive to boost domestic manufacturing and attract large investments in mobile phone manufacturing and specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units. At the same time, the Government of India also notified The Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) with an objective to provide financial assistance on capital expenditure for the identified list of electronic goods that comprise downstream value chain of electronic products, i.e., electronic components, semiconductor/ display fabrication units, ATMP units, specialized sub-assemblies and capital goods for manufacture of aforesaid goods, all of which involve high value added manufacturing.

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2. Karnataka Initiative to Promote Investments in ESDM Sector

Karnataka is the 4th largest electronics manufacturer in the country, accounting for 10% of India's total electronic industrial output. The State is home to more than 300 units export oriented manufacturing units. It is the largest chip design hub in India, consisting of 85 fabless chip design houses and is the leading producer of aerospace and defence equipment in India.

Karnataka's contribution to national share stands at ~50% in electronic product companies and 40% in electronic design. Karnataka has immense scope for improvement in manufacturing of high value add components, similar to India's position in the electronics value chain. Companies like Qualcomm, Seimens, Wistron, Samsung, AT&S, AMD, NVIDIA, Intel, Cisco are a part of Karnataka's ESDM ecosystem.

In order to provide the much-needed fiscal interventions that will bring in fillip for ESDM sector, the Government of Karnataka announced the Special Incentives Scheme for ESDM Sector on 7 September 2020. The Government accorded approval for providing the following Special Incentives to attract investments in the ESDM sector.

S.No	Inventive Head	Quantum Proposed
Manufacturing & Assembly Line		
1	Capital Investment Subsidy	25% on Land only in areas other than Bengaluru Urban and Bengaluru Rural districts upto an extent of 50 acres on actual procurement cost. 20% on plant & machinery
2	Reimbursement of Stamp Duty and Registration Charges	100%
3	Reimbursement of Land Conversion Fee	100%
4	Power Tariff Reimbursement	INR 1.00 per unit for 5 years from the month of commencement of commercial production
5	Exemption from Electricity Duty	100% for 5 years from the month of commencement of commercial production
6	Production Linked Incentive (for new investments and expansion)	1.00% of annual turnover for a period of 5 years, starting from the first year of commercial operations

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Products eligible for Incentives Under ESDM Special Incentives Scheme- 2020-2025

1.	Manufacturing and / or design of electronics products such as Telecom Systems / Mobiles / IT Systems and Hardware / Consumer Electronics / Medical Electronics / Avionics / Industrial Electronics / Defense & Strategic Electronics / Automotive Electronics / Information & Broadcasting Equipment etc., covered by Karnataka ESDM Policy 2017-22
2.	Semiconductor manufacturing & design including manufacturing of Semiconductors, ICs, PCBs, bare boards, chip components, chemicals for board manufacture, covered by Karnataka ESDM Policy 2017-22
3.	Electronic Manufacturing Services including design / IP / software services for electronics products, covered by Karnataka ESDM Policy 2017-22
4.	The products / activities covered by National Policy of Electronics 2019 of Government of India and Schemes of Government of India such as Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECES) and Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing.
5.	Solar Cells Manufacturing - Standalone and with Modules
6.	LED - Fab, Intermediaries and manufacturing & assembly of LED products
7.	Other ESDM and its related Target Segments that may get approved by Technical Committee on case-to-case basis on receipt of Applications under this category during active policy duration.

3. Background of Electronics Manufacturing Clusters (EMC 2.0) Scheme

3.1. Karnataka Initiative to Promote Investments in ESDM Sector

Ministry of Electronics and Information Technology ("MeitY"), Government of India ("GoI") introduced Modified Electronics Manufacturing Clusters ("EMC 2.0") Scheme vide Notification No.86 [CG-DL-E-O1O42O2O-218991] [F.No. 36(7)/2018-IPHW (Vol.II)] dated 1st April 2020.

The aim of EMC 2.0 is to compliment the efforts put by the Government to make India an Electronics Manufacturing Hub as envisaged under "Digital India" and "Make in India". Under EMC 2.0 Scheme, Electronic Manufacturing Clusters ("EMCs") will be established to create infrastructure with common facilities and amenities in EMC projects and upgrade the infrastructure in Industrial Estates / Parks / Areas as Common Facility Centre ("CFCs") for attracting investment in electronics manufacturing.

The objective of EMC 2.0 Scheme is to provide Financial Assistance for setting up 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.

Eligible EMC Projects should have a commitment from Anchor Unit(s) or industry for taking (purchase or lease) at least 20% of the saleable / leasable land area and a minimum investment commitment of INR 300 Crore and proposed land parcel should not be less than 200 Acre. The proposed land parcel should be in possession of the Project Implementation Agency (PIA) and preferably contiguous wherein maximum of two land parcels within a radius of 0.5 Km and/or land parcels across the road will be considered as contiguous. Similarly, EMC 2.0 also describes the eligibility criteria for expansion of existing EMC Projects and CFCs.

Government of Karnataka has identified 2 prominent land parcels namely Kochanahalli Industrial Area in Mysuru District and Kotur – Belur Industrial Area in Dharwad District for setting up of Electronics Manufacturing Cluster ("EMC 2.0").Further, Karnataka Industrial Area Development Board ("KIADB") has been nominated as the PIA Project Implementation Agency (PIA) for the EMC 2.0 in Karnataka.

3.2. Details of the proposed land parcels for development of Electronics Manufacturing Clusters

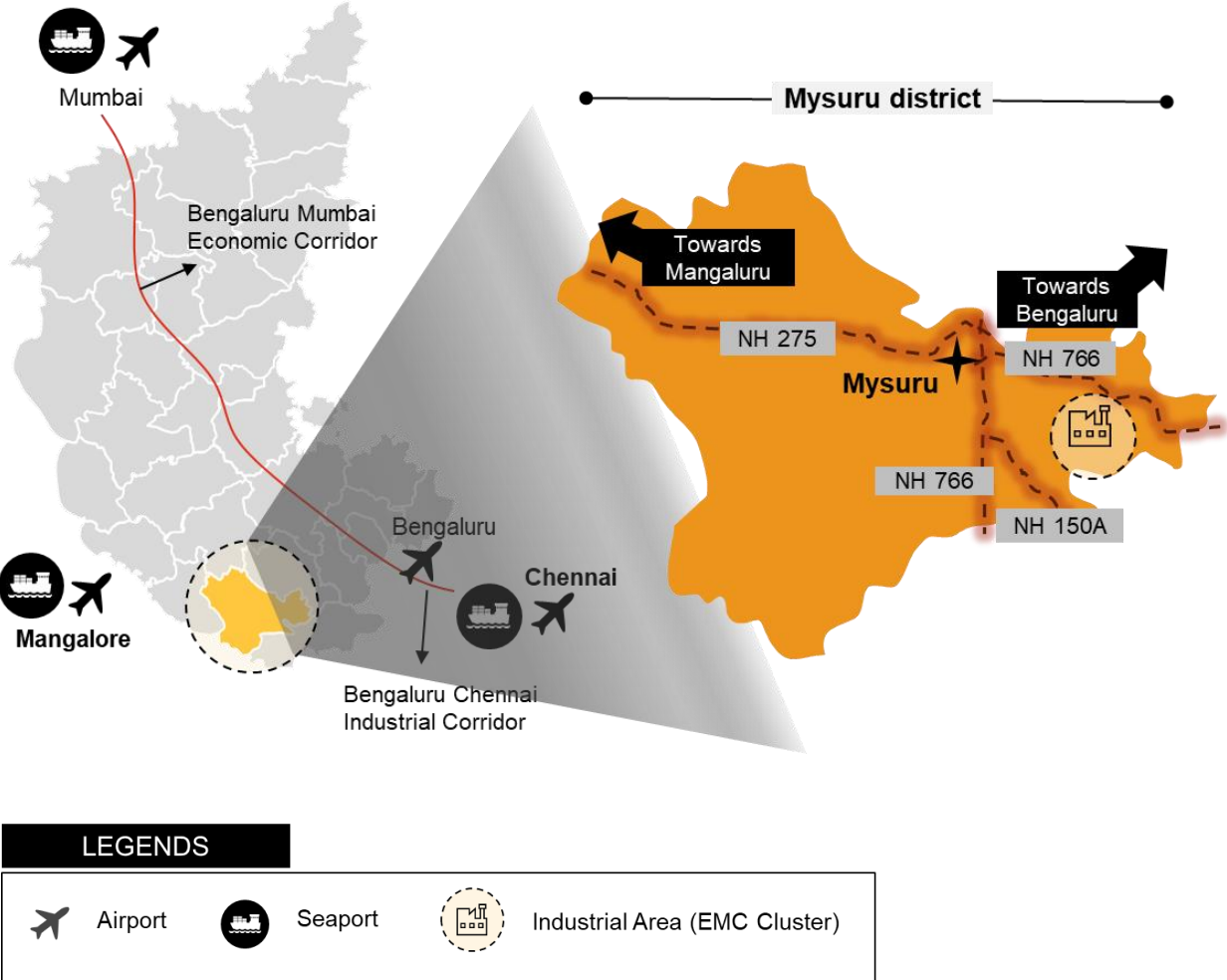
The 2 land parcels identified by Government of Karnataka for setting up of Electronics Manufacturing Cluster ("EMC 2.0") are the hotbed of flourishing and established electronic companies. Further details on the ecosystem associated with the land parcels are provided in the sections followed.

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a. Kochanahalli, Mysuru District

Situated at a distance of 146km from Bengaluru, Mysuru is the 2nd largest software exporter of Karnataka and is the bed rock of Assembly Testing Marking and Packaging (ATMP) of semiconductors with presence of prominent companies like AT&S, Kaynes etc. The district has a state-of-the-art ISO 17025 2017 NABL accredited testing and certifying facility, "Lahiri", which provides testing, quality & regulatory needs of the regional electronic industry. Currently, process of expanding the industrial area in Kochanahalli, which is located close to the upcoming Container Corporation of India (CONCOR) at Kadakola is being undertaken. Kochanahalli is approximately 5 kms from Mysuru Airport and is bound by industrial areas like Kadakola, Adakanhalli, Thandya and Imnavu which already house leading industries from various verticals.

Figure 1: Geo Location of Kochanahalli IA in Karnataka Map







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Figure 2: Aerial Satellite view and road connectivity to the Project Location- Kochanhalli Industrial Area



ECOSYSTEM AROUND KOCHANHALLI

 <p>Connectivity</p>	<p>1 Gateways</p> <ul style="list-style-type: none"> ~6 km from Mysuru airport ~227 km from Bengaluru Airport ~275 km from Mangalore seaport 	<p>2 Urban centers</p> <ul style="list-style-type: none"> 162 km from Bengaluru 18 kms from Mysuru 	<p>3 Road Connectivity</p> <p>Located 3km from NH-766 (Kozhikode-Kollegal) through 45m wide road developed by KIADB</p>
 <p>Infrastructure</p>	<p>1 Area</p> <p>Proposed Area for EMC 232.47 Acres</p>	<p>2 Power</p> <p>Two 66/11kV and one 220/66/11 kV having spare capacity for EMC</p>	<p>3 Water</p> <p>4 Ground Level Storage Reservoirs of 12.5MLD and 1 OHT of 0.5 MLD providing 24x7 water to industrial cluster, spare supply available for EMC</p>
 <p>Skill Development Centres & Testing Facility</p>	<p>1 Highlights</p> <ul style="list-style-type: none"> 41 Skill Development Centers around Imnavu Karnataka German Technology Training Institutes (upcoming) Lahari CFC (high quality testing and certifying center), established by Gol. 		
 <p>Major Companies</p>	<p>1 Nearby Industrial Areas</p> <ul style="list-style-type: none"> Other industrial areas surrounding Kochanhalli are Kadakola, Thandya 2nd phase, Adkanahalli and Imnavu industrial area. 	<p>2 Companies in Vicinity</p> <ul style="list-style-type: none"> AT&S Kaynes Tech PECSOL Tycoon DMS Technologies Spark Minda 	

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b. Dharwad District – Kotur – Belur Industrial Area

Dharwad is situated at a distance of ~430 km from Bengaluru. The District has 29 Large industrial units and 29,177 registered Micro Small and Medium Enterprises (MSME) within the district. The District has major industrial estates in Belur, Raipura, Tharihala, Gamanagetty, among others. The Area is well connected to National Highway 48. Three international and two domestic airports connect the district to major cities across the country and the world. The closest International Airport is at a distance of ~160 km from Kotur Belur Industrial Area, in Goa.

Figure 3: Location of Project Site: Kotur- Bellur Industrial Area

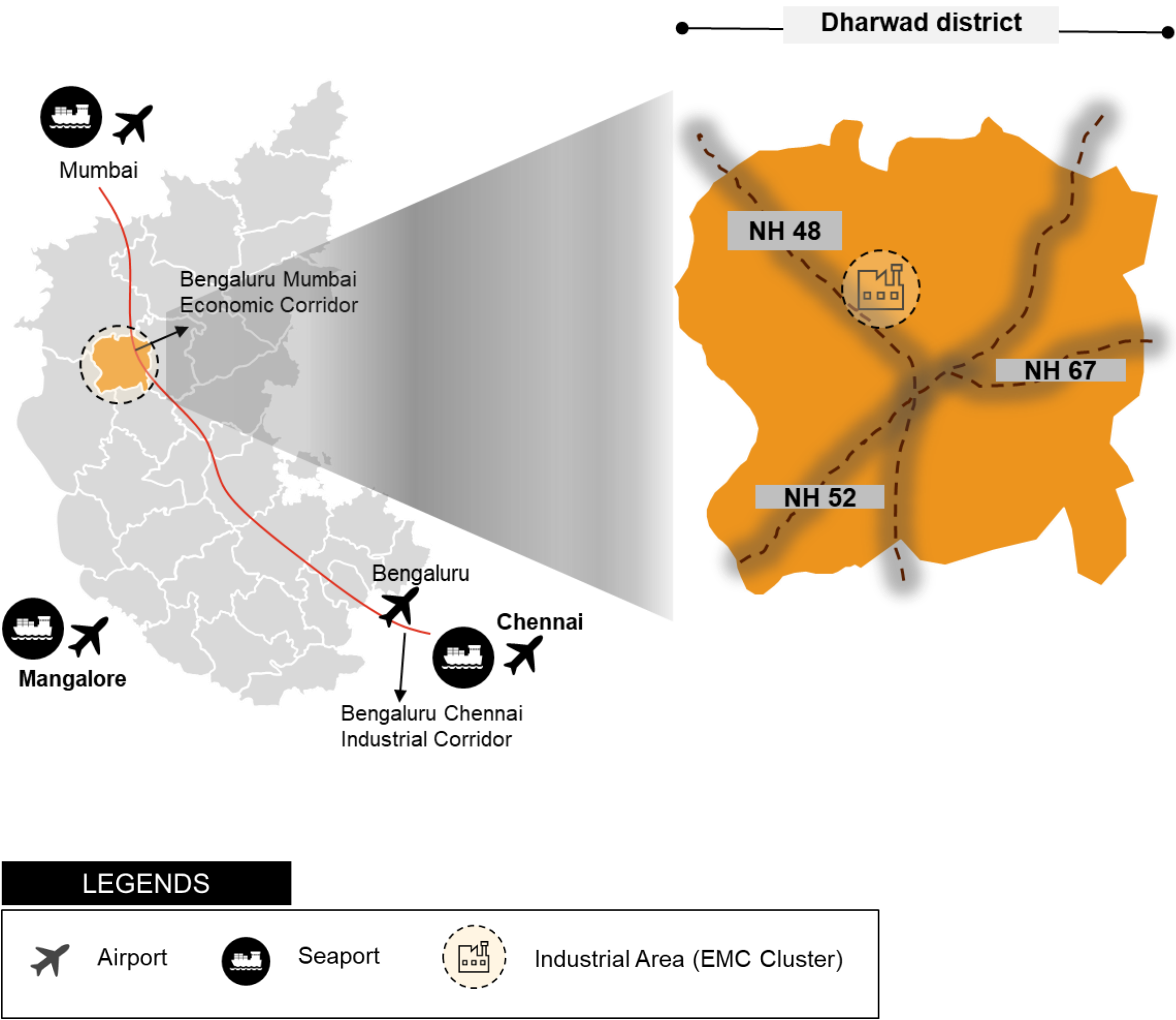


Figure 4: Layout of the Project Location- Kottur-Bellur Industrial Area

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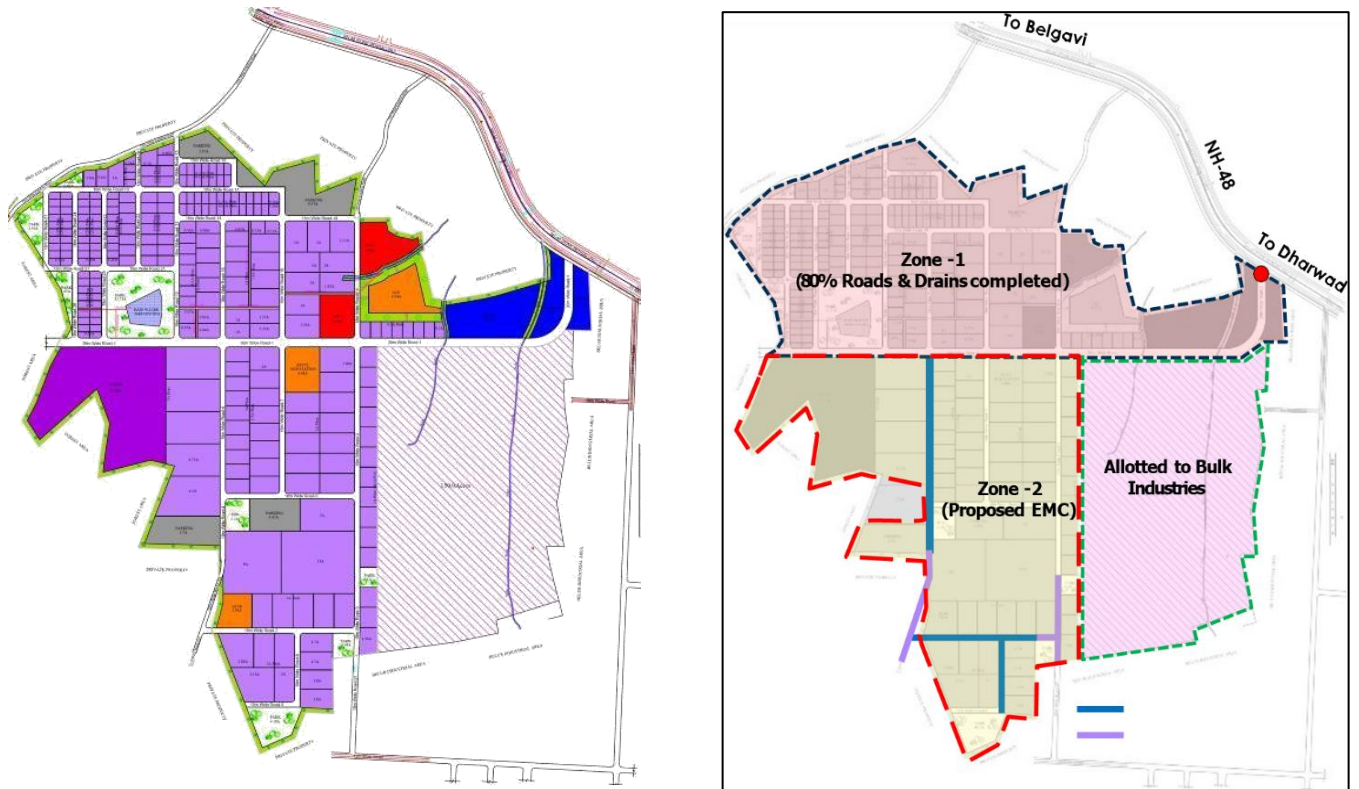
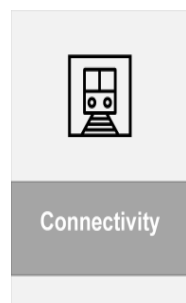


Figure 5: Site pictures of Kotur-Belur IA:



ECOSYSTEM AROUND KOTUR-BELUR IA



1 Gateways

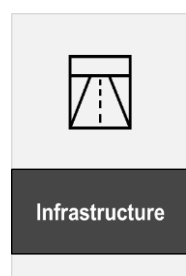
- ~160 km from Goa Int. Airport
- 70 km from Belagavi airport
- ~ 168 kms from Goa and 180 kms from Karwar sea port

2 Urban centers

- ~33 km from Hubli
- ~ 168 kms from Dharwad

3 Road Connectivity

Located adjacent to NH-48 (Bangalore-Pune Highway)



1 Area

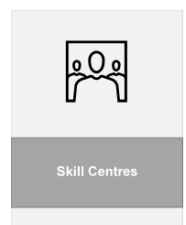
Proposed Area for EMC 222 Acres

2 Power

110/33/11kv Substation is sanctioned and work to be commenced

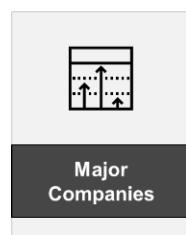
3 Water

Water Source- Malaprabha River, 12 MLD allocation available, Service Reservoir of 12 MLD is located East and 2 MLD GLSR - under construction



1 Highlights

- Presence of Indian Institute of Information Technology, Dharwad
- DF Skill Development Centre for PC assembly and hardware



1 Nearby Industrial Areas

- Other industrial areas near to Kotur Bellur IA are Rayapura industrial area, Sattur industrial area, Lakamanahalli industrial area and Belur Single unit Complex.

2 Companies in Vicinity

- Sankalp semiconductors
- Earth Key
- Tata marcopolo motors ltd
- TATA Motors
- Tata Hitachi Construction Machinery Co. Ltd

4. Application and Evaluation Process

4.1. Eligibility Criteria for Anchor Units

1. 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. (As per *Clause 3.7 of EMC 2.0*)
2. The Applicant shall have a turnover of at least Rs. 15 crores (Rupees Fifteen Crore) in each of the past 3 (three) financial years and the consortium shall have a turnover of at least Rs. 50 crores (Rupees Fifty Crore) in each of the past 3 (three) financial years
3. Commitment from Anchor Unit(s) to take at-least 20% of the saleable / leasable land area etc. (As per *Clause 2.1 of EMC 2.0*)
 - Minimum land area for Kochanahalli, Mysuru District- **28 to 30 acres**
 - Minimum land area for Dharwad District – Kotur – Belur Industrial Area- **27 to 30 acres**
4. **Minimum investment of Rs. 300 crore** by Anchor Unit(s) etc. (As per *Clause 2.1 of EMC 2.0*)
5. The Applicant can be a single entity or a group of entities (the “Consortium”), coming together. The term Applicant used herein would apply to both a single entity and a Consortium.

4.2. Application Process

Interested organizations/consortiums who meet the above eligibility criteria are requested to submit Expression of Interest in the format provided in Annexure I along with the details of the applicant at mdkbits@gmail.com on or before 15:00 Hours on 15-02-2022 with the details of the company/each member of the consortium.

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Annexure I

Date: _____ 2021

To,

Managing Director

Karnataka Innovation & Technology Society,
4th Floor, BMTC Building,
TTMC B Block, Shanthinagar,
Bengaluru – 560 027

Subject: Expression of Interest to set up Anchor unit(s) under “Modified electronics Manufacturing cluster (EMC 2.0)” in the state of Karnataka

Dear Madam,

Further to the EoI No. _____ issued by KITS, we would like to express our interest towards setting up an anchor unit(s) with an investment of INR _____ Crores for setting up the _____ (name of the sub-sector/product), under the “Modified electronics Manufacturing cluster (EMC 2.0)”.

For this project, we have a requirement of _____ acres of land from the Government at _____ (mention preferred location or siting criteria - Mysuru District – Kochanahalli Industrial Area / Dharwad District – Kotur – Belur Industrial Area / both in Kochanahalli Industrial Area and Kotur – Belur Industrial Area in Karnataka). The project is estimated to create employment for _____ people until 2025. We request your good self to help us to get this land allotment at a suitable location at the earliest, so that we can commence construction of the plant.

We look forward to your continued support with necessary approvals and regulatory compliance during project execution and operations.

Thanking You,

Yours Sincerely,

Name

Designation

Name of the Company

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Contact details

Details of Applicant

Name of Applicant:		
Designation of Applicant:		
Company Name:		
Ownership Type:		
Owner Details (MD/ CEO/ Founder/Chairman):		
Owner Contact Details (MD/ CEO/ Founder/Chairman):		
Date of Registration:		
Registered Address:		
Presence in Karnataka:	(YES/NO)	Address:
Official Website:		
Details of Existing Manufacturing Facilities:		
Net Worth (INR Cr.):		
Average Annual Turnover (For last three years):		
State:		
Phone No.:		
Mobile No.:		
Email ID:		
Existing Product:		
Annual Production Capacity:		
Proposed Product:		
Proposed Annual Production Capacity:		
Land Requirement (Acres):		
Proposed Investment:	Plant & Machinery: _____ INR Cr.	
	Total Investment: _____ INR Cr.	
Proposed Employment:		

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Proposed Organization Type:	
Member of Any Recognized Industry Association:	

Annexure II

Please refer to <https://www.meity.gov.in/writereaddata/files/EMC-2.0-Guidelines-01062020.pdf> for EMC 2.0 Guidelines.

