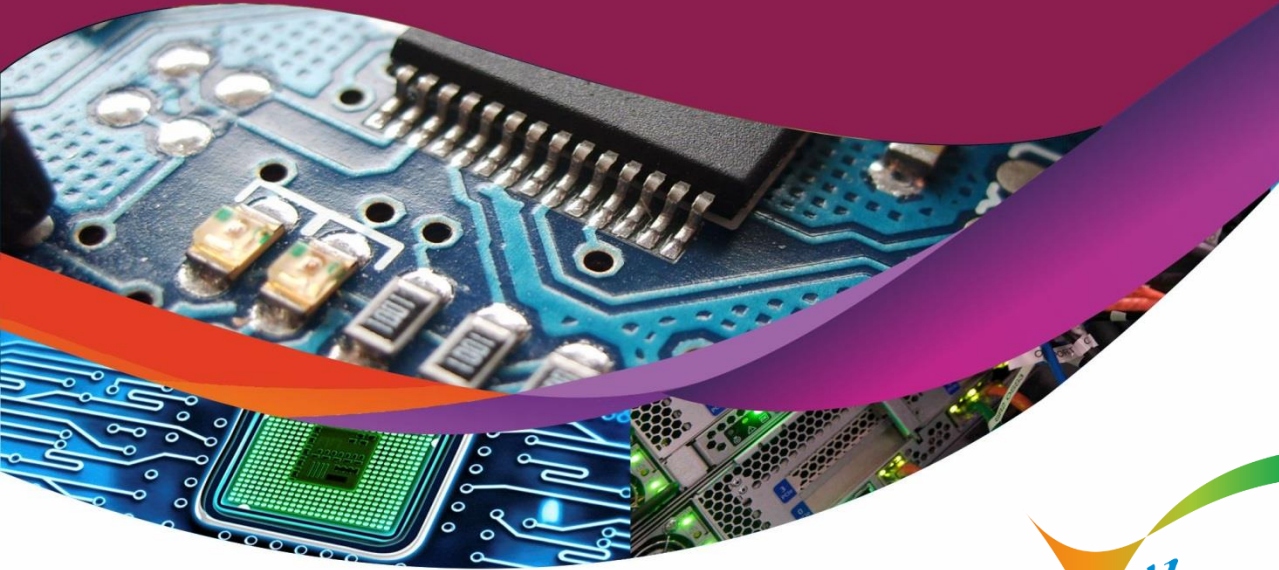




GOVERNMENT OF GUJARAT

# Electronic System Design & Manufacturing (ESDM) Sector Profile



*ibrant*  
**GUJARAT** 10-13 Jan  
**2017**  
Connecting India to the World | **8<sup>th</sup> Global Summit**

# **ESDM Sector :**

## **India Scenario**

A decorative graphic consisting of several overlapping, wavy bands of color. The colors include bright yellow, orange, and purple. The bands are layered and flow from the left side of the image towards the right, creating a sense of movement and depth. The background is a solid dark purple.

# ESDM Industry: India Scenario



## Sustainable Demand Growth for ESDM Sector

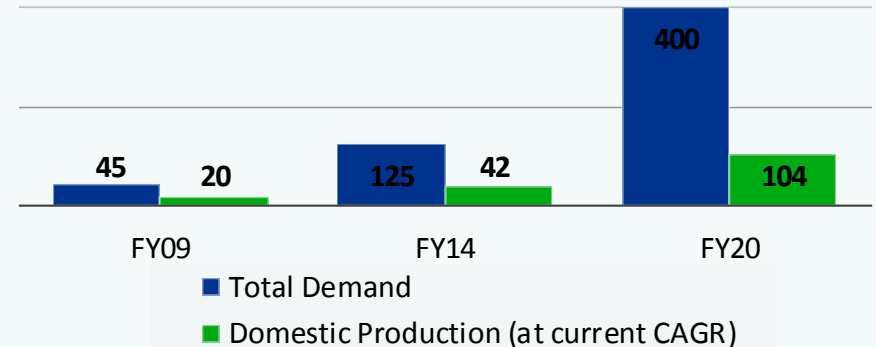
**Digital India:**  
Growth in domestic demand driven by the rise in income levels leading to higher off-take of electronics products, automation demands of corporate sector and Government's focus on e-Governance

Demand for electronic goods in India is increasing with a CAGR of 22% and is expected to touch 400 Billion USD by 2020 poised to be a USD 400 billion Electronics Hardware market by 2020<sup>1</sup>

**Make in India:**  
Target to have NET ZERO Imports in electronics by 2020; thrust on indigenous manufacturing eco-system for electronics

Unique opportunity for companies in the ESDM sector to look at India as their next destination to cater to the domestic Indian demand as well as act as an exports hub

## Projected demand-supply gap in electronics industry (USD billion)



**Expected electronics market in India by 2020 in major segment:**

Telecom Equipment : USD 34 bn.

Laptops, Desktops, Tablets: USD 34 bn.

LED : USD 35 bn.

Consumer Electronics : USD 29 bn.

Set Top Boxes : USD 10 bn.

Automotive Electronics : USD 10 bn.

Medical Electronics : USD 8.5 bn.

# ESDM Industry : India Facts , Figures and Initiatives



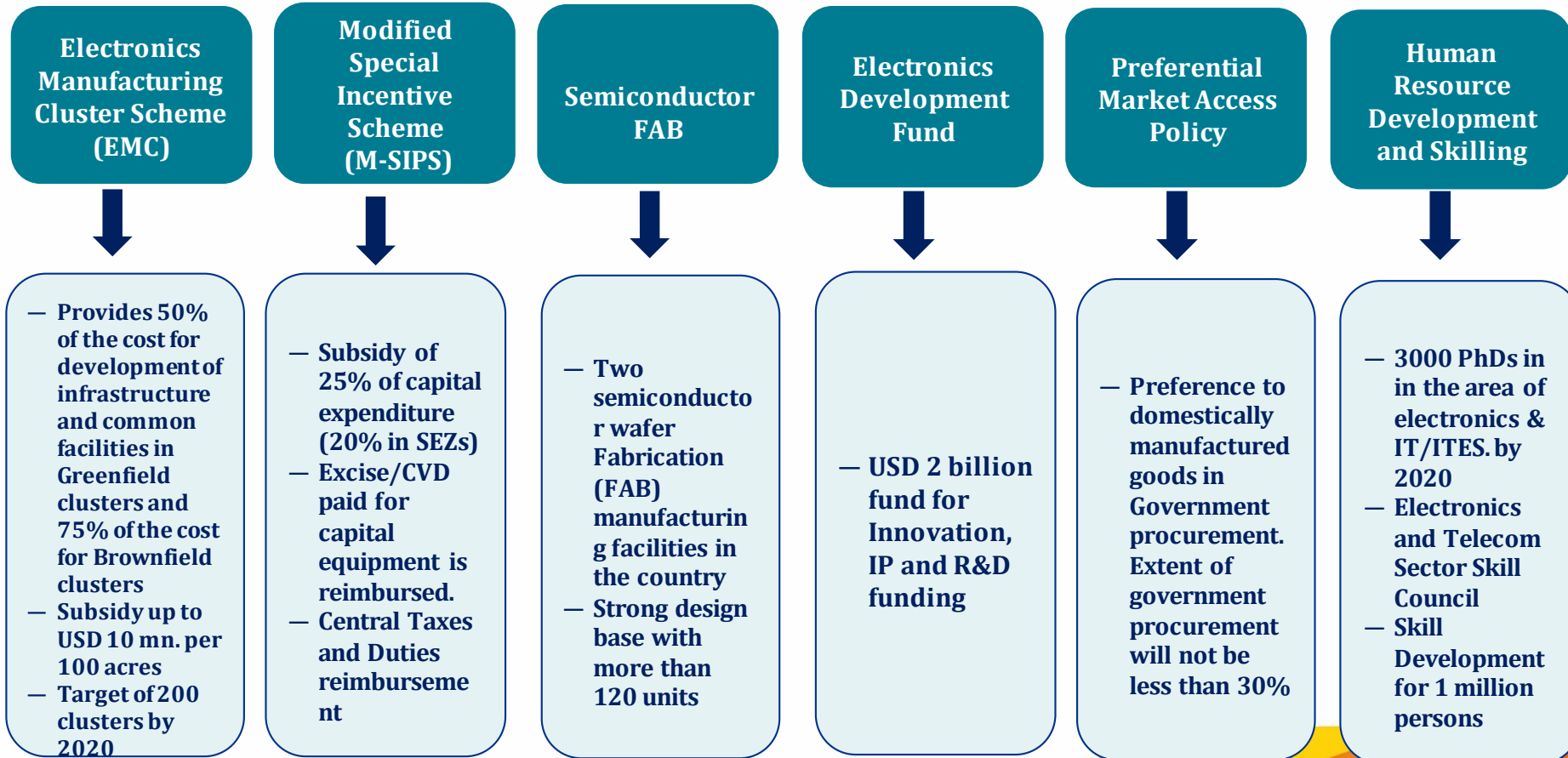
- 100 % FDI is allowed under the automatic route in ESDM sector subject to all the applicable regulations and laws.
- The electronics sector attracted FDI worth USD 1.53 billion between April 2000 and September 2015<sup>1</sup>
- Make in India –Investment proposals worth Rs. 10,000 crore (USD 1.5 billion) likely in the ESDM sector over the next two years<sup>2</sup>
- India is the second-biggest smartphone market in terms of active unique smartphone users, crossing 220 million users, surpassing the US markets<sup>3</sup>
- India has become the hub for semiconductor design with nearly 2000 chips being designed per year and more than 20, 000 engineers working in various aspects of chip design and verification. This will facilitate the semiconductor wafer fab companies to setup their base in India.
- Greenfield Electronics Manufacturing Clusters (EMC) and Semiconductor Wafer Fabrication (FAB) facilities are being established across identified locations in the country
- 35 Brownfield EMCs renamed as Notified EMCs for MSIPS
- India has the third largest scientific and technical manpower in the world
- Vast pool of Innovative and talented human resource with strong design and R&D capability
- The government has planned to launch a Rs 10,000-crore (USD 1.5 billion) fund for domestic electronic firms with a view to provide financial assistance to firms for electronics manufacturing

# ESDM Industry : Government of India Interventions



## National Policy on Electronics 2012 (NPE 12)

Vision 2020: “To create a globally competitive electronics design and manufacturing industry to meet the country’s needs and serve the international market”



# ESDM Industry : Government of India Policy Interventions to support MSMEs



- To motivate and support the growth of MSMEs in the ESDM sector, GoI has announced a national scheme for the sector. The scheme provides financial support to MSMEs to promote value added manufacturing involving medium and high technologies, to build quality into Indian manufacturing as well as to encourage exporters.
- The support under the Scheme will be provided in the form of reimbursement to the manufacturers in the MSMEs. The scheme for providing financial support as Grant in Aid (GIA) is expected to benefit the manufacturers, domestic industry, exporters in the electronics sector
- The Scheme will provide GIA for the following activities:
  - a) Reimbursement of expenses relating to compliance of electronic goods with “Indian Standards” notified by DeitY. The total GIA for one model is limited to one lakh only for 200 models (maximum).**
  - b) Reimbursement of expenses for testing and certification required for export. The total GIA under the Scheme for one model is `1.25 Lac , 800 models (maximum).**
  - c) Development of Electronic Manufacturing Clusters by MSMEs for diagnostic study, soft intervention and for preparing Detailed Project Reports, etc. The Total GIA available under this Section of the Scheme for Development of Clusters of `10 Lac /Cluster (max) would be available for setting up of 20 Clusters.**
- This is also available for relocation of manufacturing plant from foreign country.



# ESDM Sector :

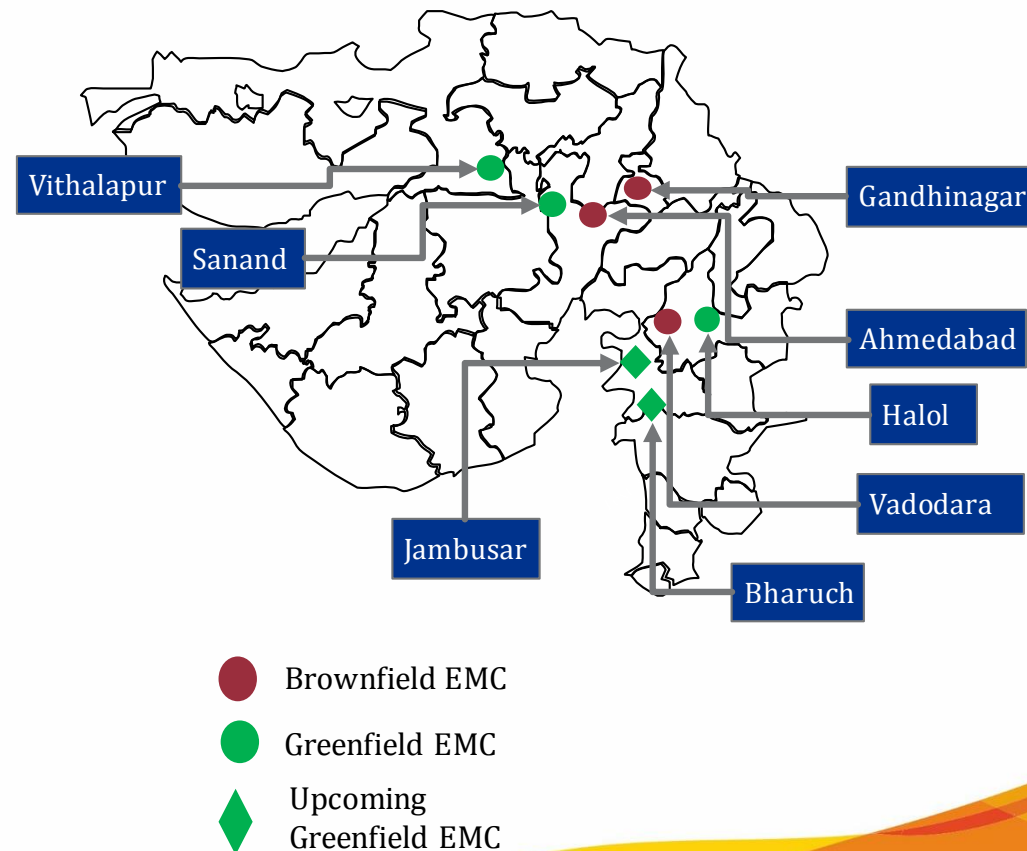
## Gujarat Scenario



# ESDM Industry: Gujarat Scenario

- Ahmedabad, Gandhinagar and Vadodara district have been notified as Electronics Manufacturing Clusters under the Electronic System Design and Manufacturing (ESDM) and Modified Special Incentive Package Scheme (M-SIPS) by the Department of Electronics & Information Technology (DeitY), Government of India
- GIDC has planned to established major electronic parks in Khoraj village near Sanand under the Government of India's new ESDM and M-SIPS scheme
- Gujarat to have two semiconductor wafer fabrication manufacturing facilities by 2017 in Prantij.
- The facilities are being set up by Hindustan Semiconductor Manufacturing Corporation (HSMC), along with ST Microelectronics (France/Italy) and Silterra (Malaysia) with capacity of producing 20,000 wafers per facility per month .
- The units will create 30,000 new employment opportunities in the State

## Electronics Manufacturing Clusters in Gujarat





# Gujarat Electronics Policy 2016-2021



- A holistic approach towards making Gujarat one of the leading electronics manufacturing hubs
- To establish Gujarat as a globally-recognized hub for the ESDM industry with a turnover of USD 16 billion by 2021 and an investment of USD 6 billion to create employment opportunities for 5 lakh people by 2021.
- Promote creation of Intellectual Property (IP) in the ESDM sector by contributing more funds to R&D in the ESDM and nano-electronics sector
- To create opportunities for earning forex by import substitution and export promotion to the tune of USD 5 billion by 2021.

## **GUJARAT ELECTRONICS MISSION**

1. To act as secretariat to 'Single Window Clearance Committee'
2. To identify and facilitate formation of Electronics Manufacturing Clusters (EMC's)
3. To identify the downstream (ancillary) industries around FAB facility in Gujarat
4. To attract top Design Companies in ESDM sector to invest in Gujarat
5. To set up Incubation Centres, Finishing Schools, Centre of Excellence, etc.
6. To have representative offices in each cluster for promotion and facilitation, assistance for clearance/ approvals
7. To create country-specific desks to attract ESDM investments from target countries

# Key Provisions of Gujarat Electronics Policy – 2016 (1/3)



## Incentives to the Electronics Manufacturing Clusters (EMCs)

Capital Assistance of up to 25% of the project cost to Greenfield EMCs subject to a ceiling value

Power Tariff subsidy at Rs. 1 per unit on the billed amount for a period of 5 years

100% reimbursement for electricity duty paid by EMC for a period of 5 years

100% reimbursement of Stamp Duty and Registration Fee

## Key Provisions of Gujarat Electronics Policy – 2016 (2/3)



### Incentives to the ESDM Units (1/2)

Capital Subsidy Reimbursement to eligible ESDM units on basis of its GFCI and overall subsidy ceiling of upto Rs. 100 crores

Interest subsidy assistance subject to a ceiling value for a maximum duration of five years

100% reimbursement of Stamp Duty and Registration Fee for the first transaction

VAT/CST/GST reimbursement for the eligible ESDM units under Section-13 of Gujarat Value Added Tax Act limited to a ceiling value based on the GFCI made by the unit

100 % reimbursement for electricity duty paid for a period of five years from the date of commencement of their production

Power tariff subsidy at the rate of Re. 1 per unit in the billed amount of the utility as promotional incentive on reimbursement basis for a period of five years.

Employment Generation Incentive through EPF Contribution for a period of five years subject to overall ceiling of Rs. 1 crore per annum

Patent Assistance at the rate of 50%, subject to a ceiling of Rs.2 lakhs per patent for domestic patents and Rs. 5 lakhs per patent for international patents

Market Development Support to MSME units for participation in International Trade Fairs

## Key Provisions of Gujarat Electronics Policy – 2016 (3/3)



### Incentives to the ESDM Units (2/2)

Assistance to Industry Associations for participation in International Trade Fair as Gujarat Pavilion and Viability Gap Support for organizing Seminars / Exhibitions in Gujarat

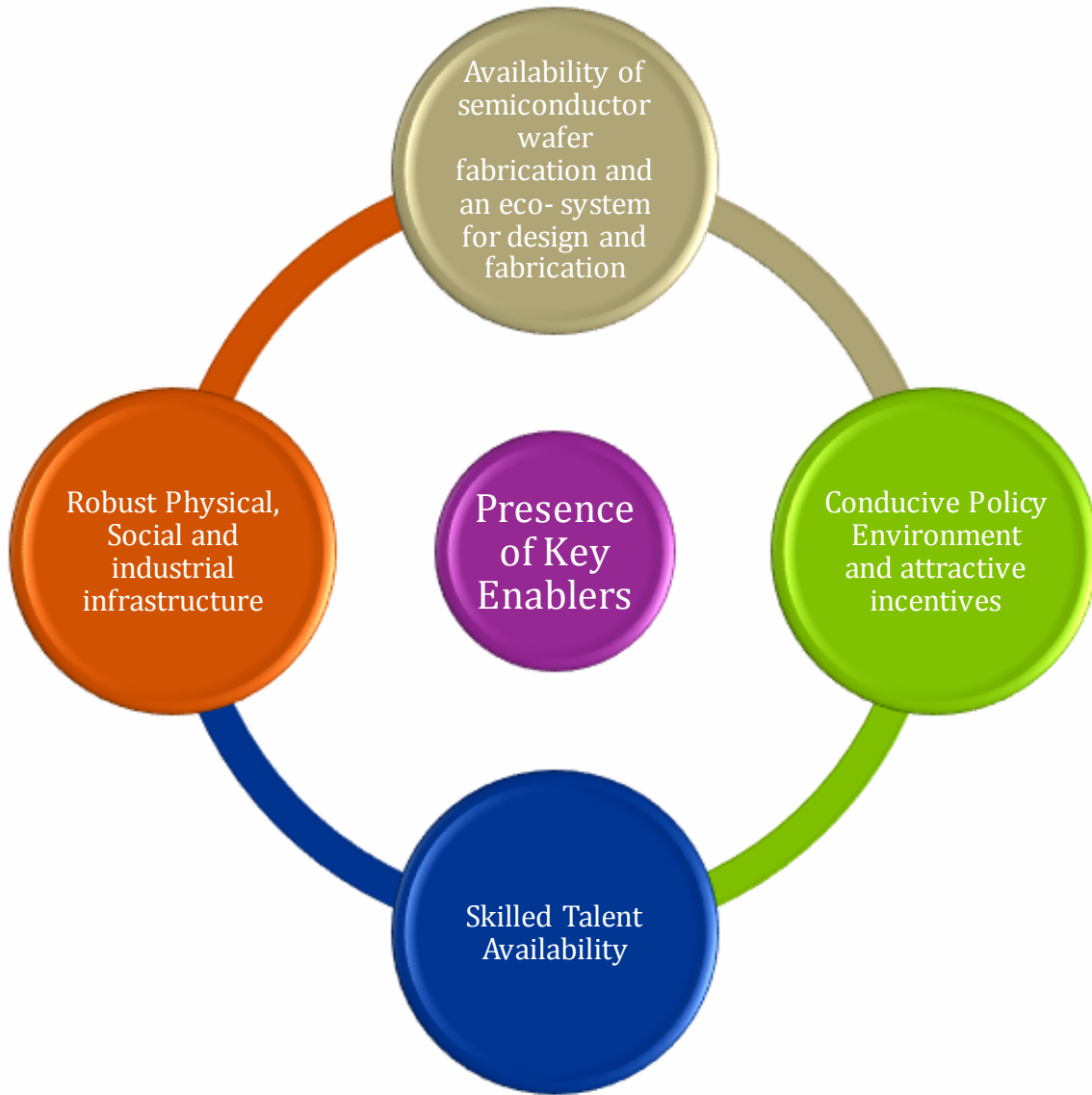
Assistance of up to 60% of the project cost, excluding land and building, subject to a maximum of Rs 50 lakhs for setting up R&D Institutions, testing facilities, finishing schools

Quality Certification assistance to Gujarat based MSME ESDM units for a maximum of three industry standard quality certifications, at a rate of 50% of cost of quality certification within the overall ceiling of Rs. 6 lakhs in 5 years

Single Window Clearance System for speedy and hassle free approvals along with a 'State-of-the-art' centralized helpdesk call centre on 24x7 basis

Special Skill Development Scheme to Assist Training Institutions and Trainees in the ESDM industry

# Investment Opportunities in Gujarat- ESDM Sector



## Investment Opportunities

Mobile and IT Hardware

Semiconductor Wafer Design and Fabrication

Nano Electronics

Telecom Products & Equipment

Industrial Electronics

Automotive Electronics

Consumer Electronics

Strategic and defence electronics; avionics components

## FOR ADDITIONAL INFORMATION CONNECT US @

Department of Science & Technology

<https://dst.gujarat.gov.in/>

Industries and Mines Department

<http://www.imd-gujarat.gov.in/>

Industries Commissionerate

<http://www.ic.gujarat.gov.in>

iNDEXTb -Industrial Extension Bureau

<http://www.indextb.com>





# THANK YOU

**Disclaimer:**

Industrial Extension Bureau (iNDEXTb), Government of Gujarat has made every attempt to ensure the accuracy and reliability of the information provided in this document. However, the information is provided "as is" without warranty of any kind. iNDEXTb periodically adds, changes, improves or updates the information in this document without any notice. For further clarification kindly get in touch with Industrial Extension Bureau (iNDEXTb), Government of Gujarat.