



Department of Information Technology & Electronics
Government of West Bengal



**Destination for
Electronics Industry**



Department of Information Technology & Electronics
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Introduction

India continues to be one of the fastest growing economies in the world. During the last decade Information Technology (IT) has proved to be one of the sunshine sectors. Time has arrived for India to become the new global hub for Electronics Industry, including Electronics System Design and Manufacturing (ESDM). The road ahead is tough but given the resources and talent pool that India has, it is certainly achievable.

Understanding the Indian Scenario

- The Electronics Industry, reported at US\$ 1.80 trillion, is the largest and fastest growing manufacturing industry in the world. It is expected to reach US\$ 2.4 trillion by year 2020.
- The demand in the Indian market was US\$ 65 billion in 2010 and is expected to reach US\$ 400 billion by year 2020. Domestic demand is expected to be driven by growth in income levels leading to higher off-take of electronics products, automation demands of corporate sector and the Government's focus on e-governance.
- The domestic production in 2010-11 was about US\$ 25 billion. India's Electronics Hardware production constitutes only 1.3% of global production. However, the actual value-addition in the domestically produced electronic product is very low, ranging between 5-10% in most cases.
- At the current rate of growth, the domestic production can cater to a demand of US\$ 100 billion in 2020 against a demand of US\$ 400 billion and the rest would have to be met by imports. This aggregates to a demand-supply gap of nearly US\$ 300 billion by 2020.
- Consumer Electronics occupy the largest share of the market, followed by Communication & Broadcast Equipment, Industrial Electronics, Electronic Components & Computer Hardware.
- The Government of India has come out with a host of initiatives for transforming India into a global hub for Electronics Manufacturing, including providing financial incentives and subsidies and developing schemes for Electronics Manufacturing Clusters (EMCs).

Why West Bengal?

West Bengal is one of the preferred choices when it comes to the next generation IT destination, including electronics manufacturing. Strategically located as a gateway to the thriving economies of Bangladesh, Bhutan and Nepal, as also state players like Bihar, Odisha and Jharkhand, West Bengal provides all the enablers to script a success story.

- Huge market potential of low cost, better quality items to replace imported products
- A vast market and customer base of about 25% of the Indian population and 17% of the GDP
- Ready availability of qualified, skilled manpower
- Large workforce of semi-skilled labour in the region
- Excellent supporting infrastructure including quality power and water supply
- Proactive Government Incentive Policy
- Commitment of the State Government to extend all support to make this happen

Key Enablers

West Bengal is an enviable combination of factors that makes it an ideal destination for the future flourish of electronics and hardware.

Market Access & Customer Proximity

- West Bengal provides strategic access to the growing markets in the neighbouring states of Jharkhand, Bihar, Odisha and Chhattisgarh.
- Due to its geographically strategic location, West Bengal provides access to the entire market in the Northeast of India, which is still relatively untapped
- Important market in neighbouring countries like Bangladesh, Bhutan and Nepal
- West Bengal also provides a gateway to the Southeast Asian countries.

Physical Infrastructure

- Surplus and quality power: one of the best in the country
- Availability of quality water
- A comprehensive rail and road network
- Gateway for Southeast Asia for air traffic
- New terminal at Netaji Subhas Chandra Bose Airport, Kolkata, inaugurated in January 2013, is globally at par with the best
- Bagdogra Airport near Siliguri
- New airport coming up in Durgapur Industrial Belt
- A comprehensive telecom set up for all communication needs

Social Infrastructure

- A balanced social infrastructure, which includes some of the best education institutes and health facilities, ensures harmony between work and social life
- A value-based mindset of the populace

Resources and Inputs

- Raw material inputs for the industry like iron & steel and other natural resources are abundantly available in the region.
- Availability of both low cost skilled work force and highly skilled IT professional
- Around 60,000 Engineering Seats in the State

Presence of Premier Technical Institutions of the Country

Total 120 Engineering Colleges, 70 Polytechnics, around 500 ITIs and Vocational Training Providers in the State. Proof enough that West Bengal is a catchment area for highly skilled workforce that can be tapped into and brought to their optimum potential.

- Indian Institute of Technology IIT, Kharagpur
- Indian Institute of Management, IIM, Calcutta
- Indian Institute of Science Education & Research, IISER, Kolkata
- Indian Statistical Institute, ISI, Kolkata
- Jadavpur University, Jadavpur Kolkata
- Bengal Engineering & Science University, Shibpur Howrah
- National Institute of Technology, Durgapur
- Indian Institute of Information Technology, IIIT, Kalyani (coming up)



Investing In The Future

West Bengal strives to emerge as a front-runner in Electronics Industry, including ESDM. The State Government has developed the new ICT Policy 2012 and the ICT Incentive Policy 2012 to meet this objective.

The Government also believes in and commits the following for the progress of the Electronics Industry as a whole:

- Promoting creation of Intellectual Property (IP) on Design, Automation and Embedded Systems considering the rich intellectual base residing in the State
- Leveraging existing strengths and striving to attract more investments in focused verticals like Solar Panels, Lighting, Smart Meters, Set Top Boxes, Industrial and Medical Electronics and Security Systems
- Promoting investments in focused ancillaries like LCD and Plasma devices, Solar Photovoltaic, LED Equipment, Device Level Packaging and Assembly Test Mark Pack
- Focusing on needs of the ESDM Sector in existing skill development programs run by the State
- Strengthening Quality Assessment infrastructure in the State in collaboration with Universities & Research Organisations

Thinking Hardware

The State Government is thinking ahead, on how to make electronics and hardware the next winner among West Bengal's industries, the agent of change and progress. To this end, the State Government has identified certain areas to accomplish its mission: Kharagpur, Naihati, Kalyani, Siliguri, Asansol, Falta and Kolkata.

Our Strategy for progress includes

- To build at least 15 Clusters/Parks in Hardware Sector in the next 5 years
- Dedicated 'Hardware Cell' of the IT Department to assist investors in this sector
- 'Advanced Design Centre' to be developed in the State with the assistance of premier technology institutions

Scheme For Electronics Manufacturing Clusters (EMC)

- A Government of India Scheme to be implemented by additional state assistance
- The primary objective of the Scheme is to promote investments in 'Electronics Systems Design & Manufacturing' (ESDM)
- Implementation of the Scheme through a Special Purpose Vehicle (SPV) which will carry out the business of developing, operating and maintaining the infrastructure, amenities and other common facilities created in the EMC
- **Financial Assistance from the Central Government**
 - **Greenfield Clusters:** 50% of project cost capped at ₹ 50 crore for every 100 acres of land
 - **Brownfield Clusters:** 75% of project cost capped at ₹ 50 crore
 - **Project Cost includes:**
 - Basic Development
 - Essential Services
 - Welfare Services
 - Support Services
 - Manufacturing Support
 - Government Regulatory Support*(For details of the EMC Scheme please visit <http://deity.gov.in/>)*

DITE & Webel shows the way

Department of Information Technology & Electronics (DITE), Government of West Bengal and Webel are together playing a significant role for West Bengal's electronics industry progress.

- Assistance in identification and procurement of suitable land
- Providing requisite clearances for setting up the Electronics and Hardware business
- Providing necessary external infrastructure: power, water and other utilities
- Preparation of Detailed Project Report for Central Government Grant & Incentives
- Structuring and Handholding SPV for EMC from Concept to Commissioning of Project
- Project Management and Supervision
- Providing Venture Capital Fund on case to case basis to ESDM



West Bengal Fiscal Incentive For Electronics Industry

Following incentives are offered to the units in Hardware and ESDM sector under the new West Bengal ICT Incentive Scheme 2012

○ **Capital Investment Subsidy**

12% and 15% of the Fixed Capital Investment, subject to a limit of ₹ 450 Lakh, depending on locations, payable in 5 equal yearly instalments

○ **Interest/Training subsidy**

25% of the annual liability on the Term Loan and/or ₹ 20,000/- or one month salary whichever is lower to a maximum 750 candidates and 1000 candidates up to a ceiling of ₹ 150 Lakh per year and ₹ 200 Lakh for 5 years and 7 years, depending on locations

○ **Waiver of Electricity Duty**

Waiver of Electricity Duty for a period of 5 years and 7 years, depending on locations

○ **Employment Generation Subsidy**

Reimbursement to the extent of 50% (Large & Medium) and 75% (Small & Micro) of the expenditure incurred for paying its contribution towards Employees State Insurance (ESI) and Employees Provident Fund (EPF) subject to a maximum of ₹ 1 Crore and ₹ 1.50 Crore per year for 7 years and 10 years, according to the location of the company.

○ **Refund of Stamp Duty and Registration Fees**

Refund of 100% of Stamp Duty and Registration Fee

○ **Subsidy for Quality Improvement Certification in the MSME Sector**

50% reimbursement for MSME companies for the expenditure, up to a maximum of ₹ 5 Lakh, for obtaining ISI Certification, ISO 9000, ISO 27001 for security, COPC, eSCM and from any other quality assurance body approved by IT Department, as applicable for Hardware including ESDM industry

○ **Subsidy for Patents in the MSME Sector**

50% of the cost of filing patents subject to a maximum of ₹ 5 Lakh per year

○ **Entrepreneurship Assistance for Start-up Small, Medium and Micro units:**

- Reimbursement of 25% of the Lease Rental for built-up space up to a ceiling for 3 years
- Reimbursement of 25% of the Power Bill for a period up to a ceiling for 3 years
- Reimbursement towards Recruitment Assistance up to ₹ 2.5 Lakh
- Reimbursement of 50% Exhibition Rental Cost for participating in the notified national or international exhibition space limited to 9 sq.m.

For details please visit: www.itwb.org www.itwb.gov.in (effective 01.04.13 onwards)

The New Hardware Destinations - Naihati & Falta

Naihati and Falta have been identified as the new addresses for cutting-edge Electronics Manufacturing Clusters.

Naihati

- Government owned land of 70 acres
- Abundant quality Water
- Abundant quality Electricity
- In close proximity to Kolkata, 30 km from Netaji Subhas Chandra Bose Airport
- Excellent Rail and Road Infrastructure
- Within 15 km from the Educational Hub of Kalyani (IISER, Kalyani University, Agriculture University, Proposed IIT)
- Hinterland of Technical Manpower

Falta

- Located on the banks of River Ganges, where it joins the Bay of Bengal
- Developed land and built-up space at affordable and attractive rates
- Quality and Stable Power Supply
- Container Handling Jetty
- Excellent Social Infrastructure

Salt Lake Sector V, Kolkata for ESDM Set-up

- The IT heart of West Bengal
- Location of all major companies in India
- 15 minutes to Netaji Subhas Chandra Bose Airport
- Excellent Infrastructure



Summing Up

West Bengal indeed is the new destination for electronics industry. With its strategic location, skilled workforce, rich resources and much more, West Bengal is a land of promise where electronics and hardware can be manufactured and distributed within the country and beyond. The State Government strives to partner efforts of investors, entrepreneurs and technocrats in sculpting the perfect success story in West Bengal and facilitate a change in the industry and the State as whole.