



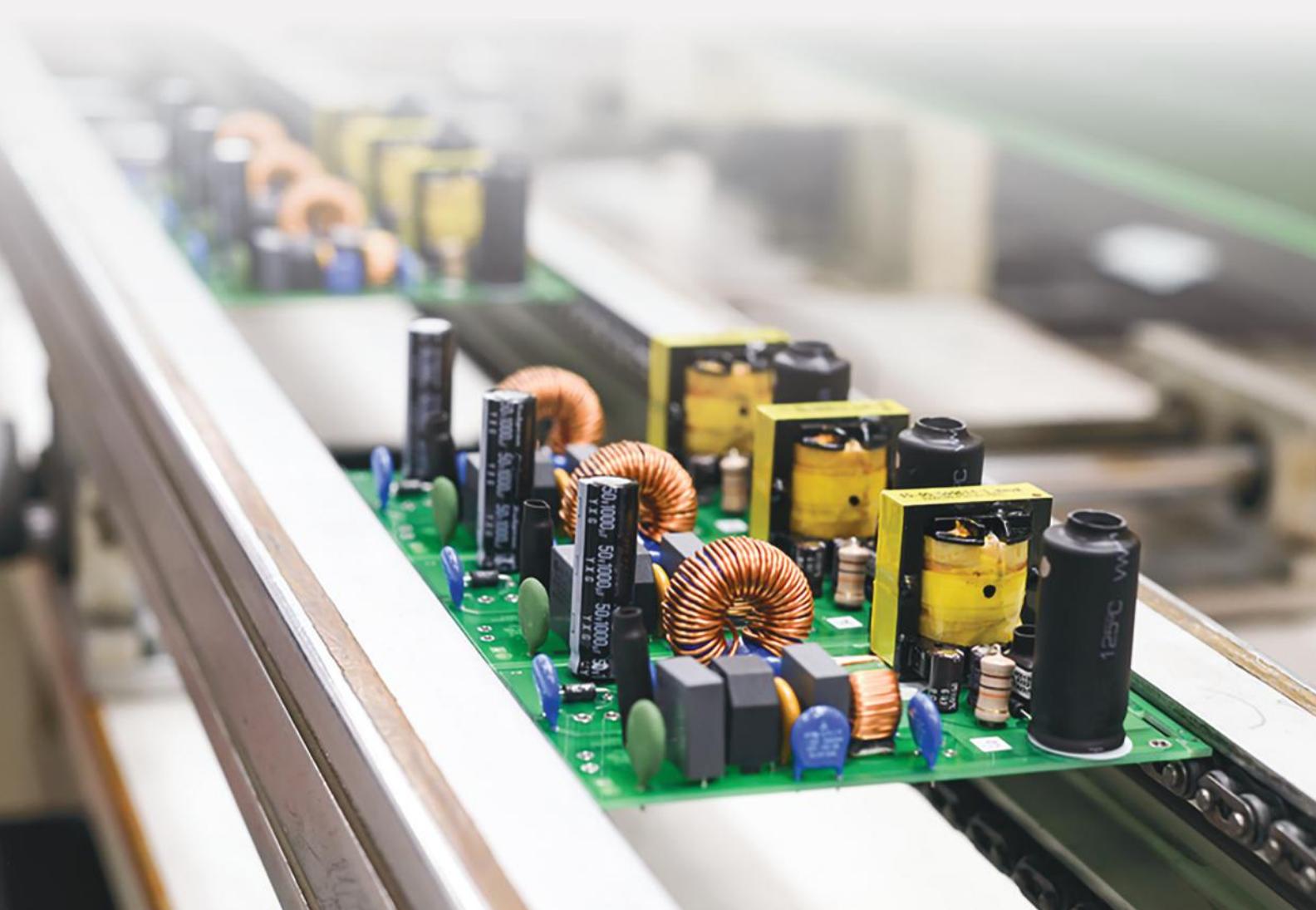
GOVERNMENT OF TAMIL NADU

# **TAMIL NADU ELECTRONICS HARDWARE MANUFACTURING POLICY 2020**



GOVERNMENT OF TAMIL NADU

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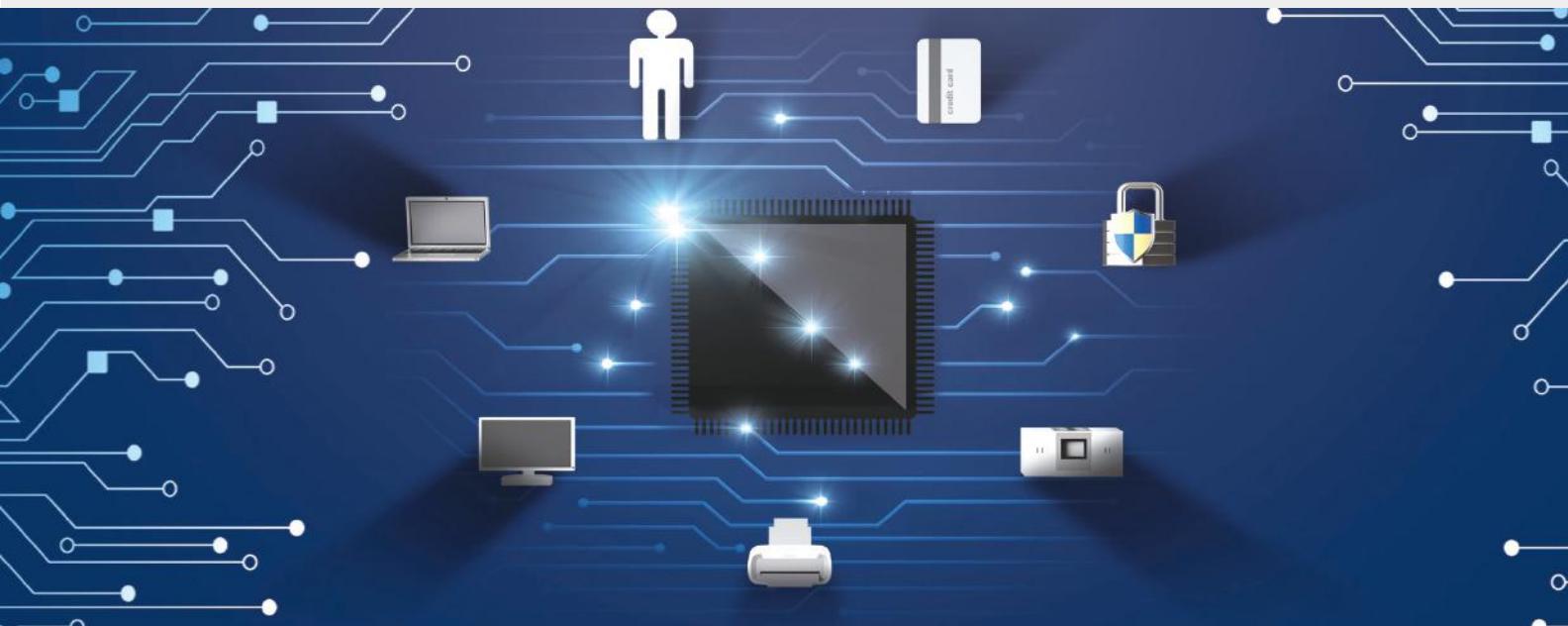
# Glossary

## Definitions

**Electronics Manufacturing Clusters (EMC):** Under Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme notified vide Notification No.86 [CG-DL-E-01042020-218991] [F.No. 36(7)/2018-IPHW (Vol.II)] dated 1st April, 2020 issued by the Ministry of Electronics and Information Technology, Government of India; EMC Project would be an undeveloped / underdeveloped geographical area, preferably contiguous, where the focus is on development of basic infrastructure, amenities and other common facilities for the ESDM units.

**Electronic System Design and Manufacturing (ESDM):** The entire value chain of all electronic verticals/ products covered under the National Policy on Electronics and related notifications issued by the Ministry of Electronics & Information Technology, Government of India and will also include computers and peripherals, communication devices, electronic manufacturing services, strategic electronics and its components, industrial electronics, automotive electronics, telecom electronic equipment, information and broadcasting electronic equipment, medical electronics, electronic gaming, solar PVs and electronic toys.

**EMS:** Electronic Manufacturing Services - Key activities under EMS include Engineering and design of PCBs; PCB assembly, including sub-assemblies; Functional testing, Maintenance services such as warranty and repair services, etc; Product and component design.



**FAB unit:** FAB unit is Semiconductor fabrication plant where devices such as Integrated Circuits (IC) chips are manufactured.

**Investment in Eligible Fixed Assets (EFA):** Investment in Eligible Fixed Assets (EFA) means the investment made in building, plant and machinery and other related fixed assets by eligible unit within the Investment period as defined by the prevailing Industrial policy.

**National Policy on Electronics, 2019** – The National policy on Electronics, 2019 notified by Ministry of Electronics and Information Technology (MeitY), Government of India vide notification No.26(1)/2019-IPHW dated 25th February, 2019.

**Start-up:** As per the Government of Tamil Nadu's Start-up and Innovation policy 2018-2023, an entity will be recognised as start-up only if it satisfies the following conditions:

The company/entity is registered in the State under the Tamil Nadu Start-up and Innovation Mission (TANSIM); and If it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India; and Up to seven years from the date of its incorporation/ registration; however, in the case of start-ups in the biotechnology, Artificial Intelligence (AI) & Machine Learning (ML) sectors, the period shall be up to ten years from the date of its incorporation/ registration; and If its turnover for any of the financial years since incorporation/ registration has not exceeded Rs. 25 crores; Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'Start-up'.



## List of Acronyms

Acronym	Expansion
Bn	Billion
CFC	Common Facility Centre
EDII	Entrepreneurship Development Institute of India
ELCOT	Electronics Corporation of Tamil Nadu Limited
ELCOSEZ	ELCOT SEZ
EMC	Electronics Manufacturing Cluster
ESDM	Electronics System Design & Manufacturing
FSI	Floor Space Index
IC	Integrated Circuits
IDC	Inter Departmental Committee
GUIDANCE	Tamil Nadu Investment Promotion Agency
LED	Light Emitting Diode
MeitY	Ministry of Electronics and Information Technology
MEC	Mega Electropreneur Centre
MiEC	Mini Electropreneur Centre
MSME	Micro, Small and Medium Enterprises
NEM	National Electronics Mission
NIDHI	National Initiative for Development and Harnessing Innovations
NPE	National Policy on Electronics
PCB	Printed Circuit Board
R&D	Research and Development
SEZ	Special Economic Zone
SIDCO	Tamil Nadu Small Industries Development Corporation Limited
SIPCOT	State Industries Promotion Corporation of Tamil Nadu Limited
TANSIM	Tamil Nadu Start-up Innovation Mission
USD	United States Dollar



# Electronics Hardware Manufacturing Policy of Tamil Nadu, 2020

## 1. Vision, Mission and Objectives

### **Vision**

To transform Tamil Nadu into an innovative and a globally competitive Electronics System Design and Manufacturing (ESDM) destination.

### **Mission**

- Provide adequate infrastructure and supporting ecosystem to ESDM companies
- Attract global major ESDM players to invest in Tamil Nadu
- Incentivize home-grown start-ups in the ESDM sector both in the component and Original Equipment / product manufacturing subsectors
- Catalyse the growth of innovation led enterprises involved in the manufacturing of hardware products & solutions
- To develop the semiconductor fabrication (FAB) industry in Tamil Nadu

### **Objectives**

The following targets are set for Tamil Nadu Electronics & Hardware manufacturing policy:

- To increase Tamil Nadu's electronics industry output to USD 100 billion by 2025
- To contribute 25% of India's total electronic exports to the world by 2025
- To undertake skill training for more than 1,00,000 people (semi-skilled and skilled) by 2024 to meet the incremental human resource requirement projected by NSDC for Tamil Nadu in Electronics and Hardware Manufacturing sector
- To increase the level of value addition that is done in Tamil Nadu, especially across focus sectors such as Mobile Handsets, LED Products, Fabless Chip

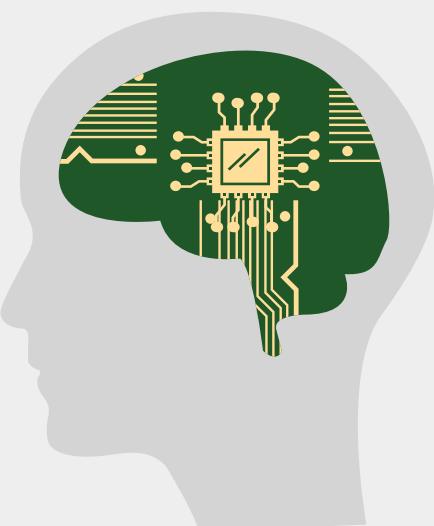
Design, PCBs, Solar Photovoltaic Cells, Medical Electronics, and Automotive Electronics

- To undertake a focused research and development program to achieve the above objectives, and foster an environment of research and innovation
- To foster a conducive environment for ESDM Start-ups, especially promoting the rapid growth of innovation-led technology enterprises involved in the design, development and manufacturing of technologically advanced solutions
- To attract at least two major FAB investments to Tamil Nadu in the next three years

### Priority sectors

Aligned to the National Policy of Electronics 2019, Government of Tamil Nadu shall provide special support for developing core competencies in the following sub sectors:

- Semiconductor fabrication (FAB)
- Assembly, Test, Marking and Packaging (ATMP)
- Fabless Chip Design
- Medical Electronics
- Automotive, Aerospace and Aviation Electronics
- Power Electronics for Mobility
- Telecom/ Communication Equipment
- Consumer Electronics and Appliances
- Strategic Electronics
- Renewable Energy Electronics
- Electronic Manufacturing Services (EMS)
- Electronic Components Manufacturing
- Electronics Test and Calibration Labs
- Electronics Product Design & Intellectual Property (IP) registration



## Option to Select Policies

Investors may choose to avail incentives under any one policy of the state government including this policy or the extant Industrial Policy or any other applicable State Government Policy.

## 2. Administration of Incentives

All incentives offered by the Government of Tamil Nadu to ESDM units shall be in addition to the incentives offered by the Government of India to those units. Investments made from January 1, 2020 will be considered eligible for availing incentives. The Government of Tamil Nadu, through its agencies, shall handhold ESDM companies during the set-up stage and continue to assist them after the setup has been completed.

### I. For the purpose of administering state level incentives, classification of districts in the state is as below:

Classification	Districts
A	Chennai, Tiruvallur, Kancheepuram and Chengalpet
B	Coimbatore, Cuddalore, Erode, Karur, Krishnagiri, Namakkal, Ranipet, Salem, Tiruchirapalli, Tirupattur, Tiruppur, The Nilgiris, and Vellore
C	Dharmapuri, Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi, Kaniyakumari, Pudukkottai, Ariyalur, Perambulur, Tenkasi, Thanjavur, Thiruvarur, Kallakurichi, Viluppuram, Mayiladuthurai, Nagapattinam and Tiruvannamalai

### II. For the purpose of administering the financial incentives, the following 3 categories of investment and employment ranges have been considered:

“MSME” means a manufacturing unit, new or expansion, as defined by the Ministry of MSME, Government of India from time to time.

“Large” means a manufacturing project, new or expansion, with the following investment and employment range.

Category	Investment range (in Rs. crores)	Employment Range
Large	200 to 500	>500

“Mega” means a manufacturing project, new or expansion with the following investment and employment range.

Category	Investment range (in Rs. crores)	Employment Range
Mega	>500	>2000

### III. Governance mechanism

The incentives for MSME sector shall be sanctioned by the Commissioner of Industries and Commerce.

The incentives for Large and Mega Industries shall be sanctioned by the Industries department and the structured package shall be sanctioned as per the recommendation of the Inter Departmental Committee (IDC) convened by the Industries department and the related incentives will be disbursed by SIPCOT.

The single window facilitation for large & mega industries shall be done by Guidance (<https://investingtamilnadu.com/>) through its single window portal (<https://www.easybusiness.tn.gov.in/>).

The single window facilitation for MSME sector shall be done by the Commissioner of Industries and Commerce & District Industries Center (<https://easybusiness.tn.gov.in/msme/>).

## 3. Financial Incentives

### 3.1. Financial Incentives for MSMEs

The Government will formulate a special package of incentives for ESDM units in the MSME sector. This will include Capital subsidy, Interest Subvention, Low Tension Power Tariff Subsidy, Generator Subsidy, assistance for obtaining intellectual property and assistance in obtaining certifications. MSMEs will also be assisted to scale up their business to serve as vendor base for large and Mega investors in this sector.

### 3.2. Financial Incentives for Large and Mega Categories

#### i. Capital Subsidy

Government of Tamil Nadu shall provide capital subsidy based on investment ranges and location for new or expansion manufacturing units in Tamil Nadu. Capital subsidy will be back ended and based on investment in Eligible Fixed

Assets (EFA) as defined in the prevailing Industrial Policy, as detailed below:

Category wise incentives (Investment in Rs. Crs)	Capital Subsidy (as a percentage of EFA)			Employment
	“A” district	“B” district	“C” district	
<b>Large (200 to 500) #</b>	15%	20%	25%	>500
<b>Mega (<math>\geq 500</math>) #</b>	18%	24%	30%	>2000

#The capital subsidy will be disbursed in equal annual instalments in 12 years for A districts and in 15 years in B and C category districts from the date of fulfilment of Investment and employment criteria.

## ii. Subsidy on Land Lease Cost

For eligible projects in ELCOT /SIPCOT/ SIDCO or any other government owned industrial parks in C districts, land allotment will be made at 50% subsidised rate for land up to 20% of EFA. For private land in C category districts, 50% subsidy will be offered on cost of land as per guideline value up to an extent of 50 acres and subject to land cost not exceeding 20% of EFA and a cap of Rs.2 crores. The land cost will be excluded from the EFA calculation if this subsidy is availed.

Note: Subsidy for Private land will be eligible only if the land is purchased or leased for the manufacturing unit within three years before commencement of construction. This subsidy will be extended against an irrevocable Bank Guarantee of an amount equal to the land subsidy, which will only be released upon fulfilment of investment and employment conditions under the policy.

## iii. Stamp Duty Exemption

A&B districts	50% stamp duty exemption will be given for purchase/lease of land obtained from ELCOT / SIDCO/ SIPCOT. In the case of private lands, stamp duty concession will be given as 50% back ended subsidy for up to 50 acres on fulfilment of investment and employment conditions under this policy.
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C Districts	<p>100% stamp duty exemption will be given for purchase/lease of land obtained from ELCOT / SIDCO/ SIPCOT. In the case of private lands, stamp duty concession will be given as 100% back ended subsidy for up to 50 acres on fulfilment of investment and employment conditions under this policy.</p>
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#### **iv. Training subsidy**

Training subsidy of Rs. 4,000 per first time employee per month up to 6 months; and Training Subsidy for Women of Rs. 6,000 per first time employee per month can be availed up to 6 months. Training subsidy shall be disbursed from the actual date of commercial production, but can be claimed for employees recruited and trained before date of commercial production. This subsidy is provided only for Native Residents of Tamil Nadu.

#### **v. Interest Subsidy**

Large	<p>Maximum 5% interest subvention on actual term loans capped to 0.2 Cr per annum for a period up to 6 years can be availed.</p>
Mega	<p>Maximum 5% interest subvention on actual term loans capped to 1 Cr per annum for a period up to 6 years can be availed.</p>

Interest Subsidy will be given against Corporate Guarantee, which will be released upon fulfilment of employment and investment conditions under the policy.

#### **vi. Exemption of Electricity tax**

All new or expansion ESDM units will be given electricity tax exemption for a period of 5 years from the date of commercial production on power purchased from the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) or generated and consumed from captive sources.

#### **vii. Environment Protection Infrastructure**

Environment protection infrastructure like Dedicated Effluent Treatment Plants (ETP) and / or Hazardous Waste Treatment Storage and Disposal Facilities (HWTSDF) set up by individual manufacturing units would be eligible for an Environment Protection Infrastructure subsidy and other incentives as per the prevailing Industrial policy.

### viii. Subsidy for Intellectual Capital and Enhanced Quality Certification:

- a. 50% subsidy on the expenses incurred for patent applications limited to a maximum of Rs. 5 Lakh per application to a maximum of Rs 50 lakhs per company
- b. 50% subsidy on the expenses incurred for quality certifications such as ISO, ISI, BIS, BEE and ECOMARK or any other national or international certification up to Rs. 1 crore per company.

### 3.3. Financial Incentives for EMCs

EMCs shall be established in accordance to the Modified Electronics Manufacturing Clusters (EMC 2.0) scheme issued by Government of India dated 1st April 2020. Apart from the assistance provided under the EMC2.0 scheme, the state Government shall extend the following additional incentives to the project implementation agency:

1. Subsidy on Land lease cost as per provision No. 3.2 (ii) of this policy
2. Stamp duty exemption as per provision No. 3.2 (iii) of this policy
3. Interest subsidy as per provision No. 3.2 (v) of this policy
4. Facilitation through the Single Window Portal of Guidance

### 3.4. Financial Incentives for Private ESDM park developers

The state Government will encourage development of Private ESDM parks with common infrastructure, amenities and waste handling facilities. The developers shall be eligible to apply for the following incentives prior to commencement of the park and will be sanctioned by the state Government through the IDC. The financial incentives shall be reimbursed to the developer subject to occupancy of the park by ESDM units to a minimum extent of 75% of allottable area, no later than four years from date of sanction of the package by IDC:

1. Reimbursement of Subsidy on Land lease cost (Amount as per provision No. 3.2 (ii) of this policy)
2. Reimbursement of Stamp duty (Amount as per provision No. 3.2 (iii) of this policy)
3. Reimbursement of Interest subsidy (Amount as per provision No. 3.2 (v) of this policy)

#### 4. Facilitation through the Single Window Portal of Guidance

Apart from the standard incentives mentioned above, the Government may in its discretion, approve higher incentives/concessions and relax the conditions mentioned in the policy for deserving projects giving due weightage to investment, employment, value addition and potential for attracting further investment through vendors and ancillaries.

### 4. Facilitation Measures

#### i. Ease of doing Business

All clearances that are required for setting up new ESDM units or expansion of existing ESDM units under this policy shall be processed as per the Tamil Nadu Business Facilitation Act 2017 via the Single Window Portal of Guidance.

#### ii. Land

Land shall be offered in ELCOT / SIDCO/ SIPCOT / notified Greenfield and Brownfield EMCs / any other government owned industrial parks in A, B, C districts by the Government of Tamil Nadu.

#### iii. Floor Space Index (FSI)

FSI shall be governed by of Tamil Nadu Combined Development and Building Rules, 2019.

#### iv. Open Space Reservation (OSR)

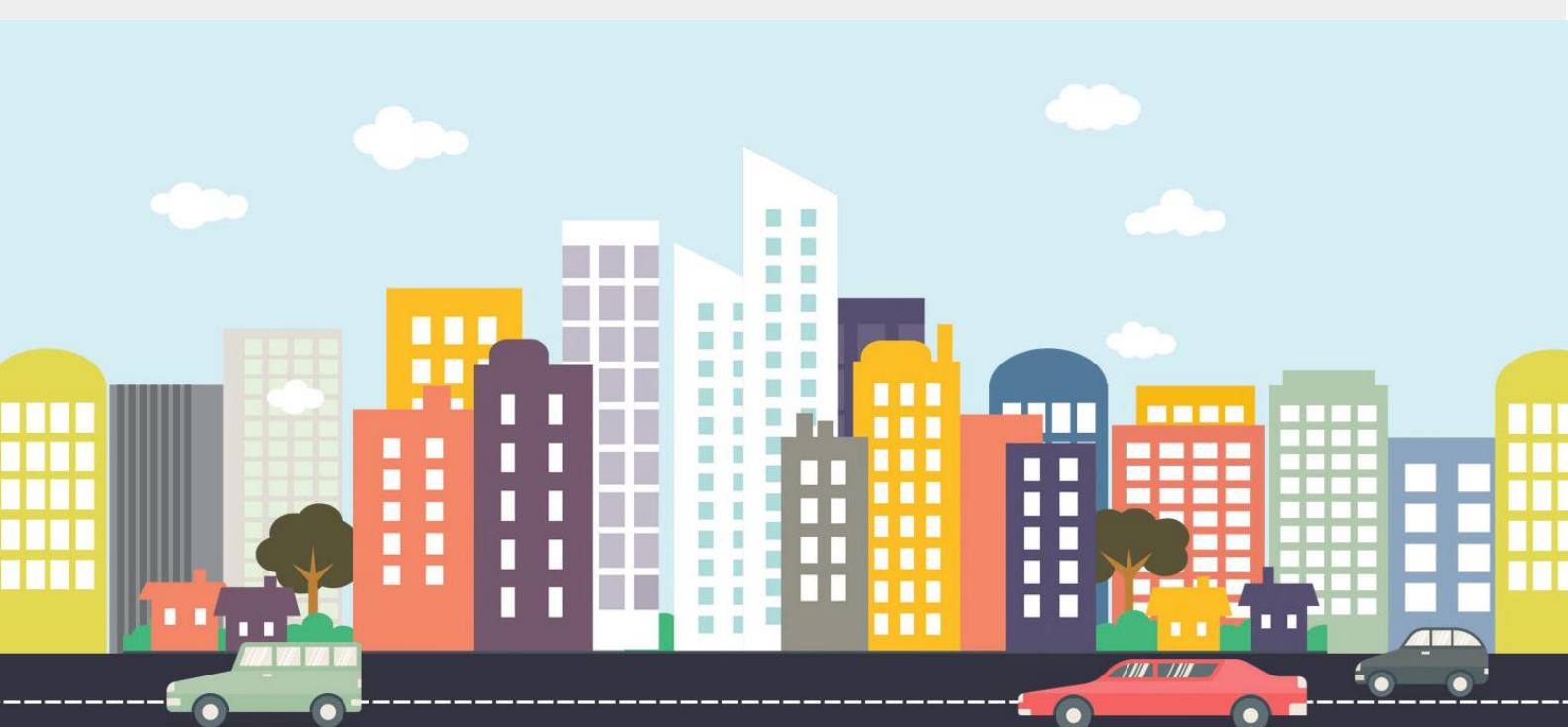
- OSR shall be as per the provisions of Tamil Nadu Combined Development and Building Rules, 2019.
- The treatment for OSR in ESDM units/EMC clusters/ESDM parks shall be in accordance to Provision (3b) vide of GO. (Ms) No. 88 dated 13th March 2020 of Industries department which allows the developer to retain roads and open spaces for the purpose of maintenance subject to conditions including access to the public.

#### v. Infrastructure

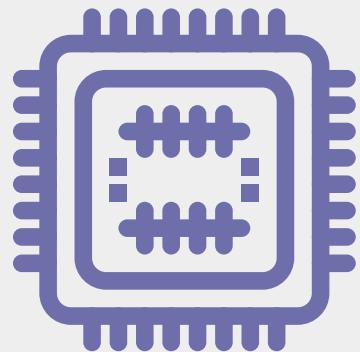
- Government of Tamil Nadu will promote creation of EMCs through ELCOT, SIPCOT, SIDCO and other agencies to provide world class infrastructure facilities necessary to attract investment in ESDM sector including EMS and

component manufacturing.

- Government of Tamil Nadu proposes to promote the development of EMCs across the state by 2023, by providing single window clearances to all project proposals by entrepreneurs. Some of the proposed EMCs include:
  - Greenfield EMC in Hosur
  - Greenfield EMCs in Chennai/Tiruvallur/Kancheepuram region;
  - Brownfield EMCs in Sriperumbudur and Oragadam
  - ELCINA industrial park as Brownfield EMC in Coimbatore region
- The EMCs shall provide internal and external infrastructure, inclusive of multimodal logistics and shared testing and training facilities. Government of India shall provide financial assistance for the creation of world class infrastructure along with common facilities and amenities as per EMC 2.0 scheme. Government of Tamil Nadu shall extend support to investors through various ease of doing business initiatives to avail GoI and GoTN incentives and approvals, and develop complimentary external infrastructure on best effort basis, such as roads, railways etc. ensuring proper connectivity between the cluster and the appropriate transport gateway (airport/ seaport/ railways) and supply chain centres.
- Government of Tamil Nadu will specifically facilitate on best effort basis:
  - 4 or 2 lane road connectivity to the EMCs from the nearest national highways/ state highways



- o Reliable power supply of required quantity by way of 230/110 kV substations with power source from minimum of 2 different circuits to provide redundancy
- o Last mile water supply system and continuous good quality industrial water supply to the EMCs
- o Incentivize EMCs to establish testing and training centres within EMC by treating them as part of EFA.
- o Financial assistance for establishing testing and training centres within the EMC
- o High speed internet connectivity through the BharatNet and TamilNet
- Industrial parks developed by ELCOT, SIPCOT and SIDCO will have ready built ‘plug- and-play’ facilities so that ESDM industries can commence production immediately.
- Additionally, Government of Tamil Nadu through ELCOT shall strive to promote electronic hardware manufacturing industries in the 8 existing ELCOSEZs as well as market the remaining extent of land available in all the ELCOSEZs at following locations:
  - 1) Sholinganallur, Chennai
  - 2) Vilankurichi, Coimbatore
  - 3) Ilandhaikulam, Madurai
  - 4) Vadapalanji, Madurai
  - 5) Navalpattu, Tiruchirappalli
  - 6) Gangaikondan, Tirunelveli
  - 7) Jagirammapalayam, Salem
  - 8) Viswanathapuram, Hosur



## vi. Industrial Housing

The Government through ELCOT, SIPCOT and SIDCO will promote industrial housing projects near existing and new ESDM hubs. The Government will also promote bespoke industrial housing projects for the electronics industry based on the demand and requirements given by a specific company or group of

companies. The Government will use Tamil Nadu Shelter Fund and funds from Government of India for industrial housing for this project.

#### **vii. Promotion of Electronics Repair Parks & Facilities for E waste management**

The state accords high importance to circular economy and with this objective, private investments in Development of Electronic repair parks with facilities for e waste management shall be encouraged through viability gap funding/revenue sharing mechanisms.

Government of Tamil Nadu shall strive to promote an Eco-park for processing e-waste in an environmentally friendly manner in Public Private Partnership (PPP) mode to integrate formal and informal operators.

#### **viii. Promotion of Environment Protection Infrastructure within Industrial Parks**

Developers of Industrial Parks / SEZs / Industry clusters, etc. will be provided incentives for development of Environment protection infrastructure as per prevailing Industrial policy. Government shall encourage developers of Industrial Parks / SEZs / Industry clusters, etc. to undertake large wastewater treatment and recycling plants in the Public Private Partnership (PPP) mode for treating urban sewage for industrial grade water supply. Industries shall be encouraged to use treated water from municipalities and adopt measures for rainwater harvesting to recharge the aquifers in the industrial areas.

### **5. Research and Development Support**

#### **i. Twin city agreements**

To promote research and development in the electronics space, Tamil Nadu Government through its investment promotion agency will strive to enter into twin city agreements with electronics manufacturing cities in countries such as Japan, Vietnam, South Korea, Taiwan, Israel, Singapore etc. Such agreements will promote collaborations through exchange of experience and information, joint cooperation plans, industry-specific programmes and projects, establishment of joint expert groups, implementation of skill development programmes and regular expert-level consultations.

## **ii. University and Industry collaboration in R&D**

The state shall strive to promote R&D in the ESDM sector in the state by encouraging collaborations between industry units and technical institutions. In line with the National Policy of Electronics 2019, the GoTN shall strive to promote research, grassroots level innovations and early stage start-ups in emerging technology areas such as 5G, IOT/ sensors, Drones, Artificial Intelligence (AI), Machine learning, Augmented Reality (AR), Virtual Reality (VR), Additive manufacturing, Gaming and Entertainment, photonics, nano-based devices as well as thrust areas such as Medical Electronics, Defence Electronics, Automotive and Aviation Electronics, Strategic Electronics, Power Electronics and Automation having major economic potential, with a special focus on applying the outcomes, including frugal solutions, to solve real life problems

## **iii. Common Facility Centres**

The state shall encourage private sector participation for creation of at least one common facility centre within greenfield/ brownfield EMCs with facilities such as tool rooms, precision and testing centres, quality certification centre, repair workshops, etc.

## **iv. Electronics Testing Centre**

The Government of Tamil Nadu through ELCOT shall also establish a state-of-the-art electronics testing facility preferably in an EMC to support start-ups, industries, academia etc. involved in the ESDM sector.

# **6. Skill Upgradation and Training**

## **i. Skill Development in Electronics System Design and Manufacturing (ESDM) sector**

Aligned to the Government of India's Scheme for Financial Assistance for Skill Development in Electronics System Design and Manufacturing (ESDM) sector, Tamil Nadu shall target to skill over 1,00,000 persons each year for the next 4 years in five skilling levels. Tamil Nadu Skill Development Corporation shall act as the State Implementing Agency (SIA) for implementing Schemes on Skill Development in ESDM sector in Tamil Nadu.

A skill and training centre shall be established within every green-field/ Brownfield EMC.

## **ii. Collaborations with private sector**

Tamil Nadu Skill Development Corporation shall collaborate with multinational companies in the ESDM sector to conduct joint training programs and certification courses.

## **iii. Train the trainer**

Through sister-state agreements, the state government shall strive to implement “Train the trainer” programs, and subsidize on case to case basis international faculty travel and stay in India and expenditure incurred by Indian faculty for training programs abroad, subject to a maximum expenditure of Rs. 2Lakh through the Tamil Nadu Skill Development Corporation (TNSDC).

## **iv. Innovation centred Skills & Competencies Development**

By combining the need to harness the latent innovation capacity within students in higher technical education with the demand for upgraded capacity, curriculum, and infrastructure to meet the skills and competencies development objectives, the state aims to transform the latent talent pool available to fuel the growth of the ESDM sector.

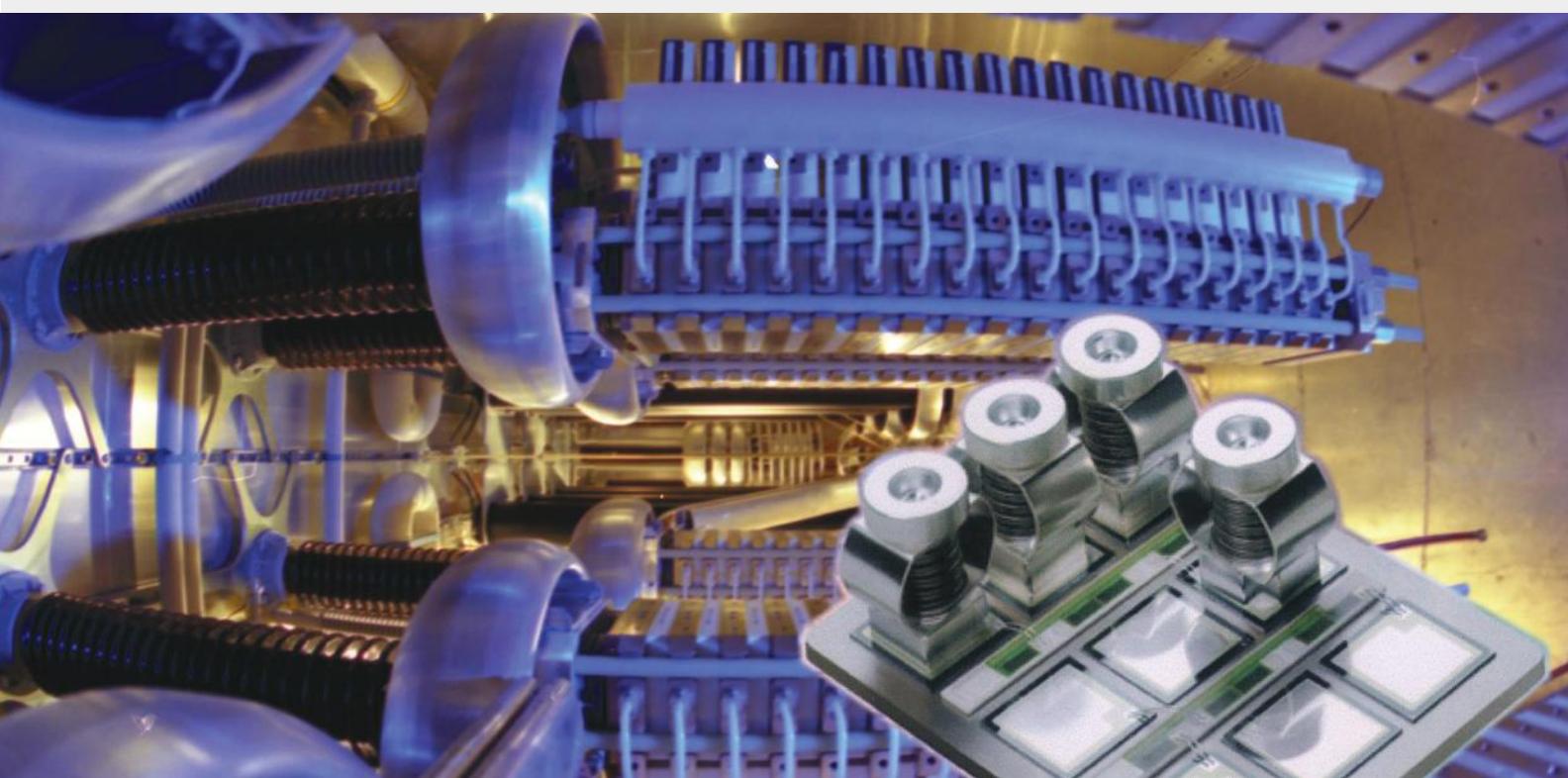
The state shall encourage the active promotion of an Innovation led approach to technical education, achieving experiential learning through technology/ product prototyping activities, guided by technology practitioners and industry/ domain experts. The MEC and the MiECs proposed in this policy shall serve as nodal centres to implement such curriculum linked skills and competencies



development working in close association with the public and private institutions in their vicinity. The state shall encourage the implementation of such programs on a state wide basis with the recognition and guidance of Anna University or other reputed institutions. The university is recommended to enable necessary provisions in the engineering curriculum to facilitate the introduction of such innovative models of learning, wherein the institutions engage with independent research labs, incubators etc. to aid in effective implementation. Private sector players in the ESDM sector are encouraged to join hands with private institutions as partners to implement such skill development initiatives indicated above. The state government shall offer financial incentives for such initiatives through the **Innovation Vouchers** scheme launched by the Dept. of MSME and managed by EDII-TN, and the said scheme shall be suitably modified to facilitate such Innovation centred skill development programs.

#### **v. Special Focus on Semiconductor Fabrication**

The Government will take focussed efforts to promote the FAB industry in Tamil Nadu. For this purpose, the Government will constitute a Special Task Force to enable the creation of an appropriate eco system. Also, a special package of incentives will be offered to investors in the FAB sector.



## 7. Exemption from Acts and Self Certifications

- ESDM companies are exempted from the provisions of Chapter II and III of the Tamil Nadu Shops and Establishments Act, 1947
- ESDM companies are exempted from the provisions of Section 5 (2) (a) (i) and (ii) of the Tamil Nadu Industrial Establishment (National and Festival Holidays) Act, 1958
- The Government of Tamil Nadu will allow self- certification, 3rd party verification for labour related clearances and approvals under the following acts of Labour Department in Tamil Nadu
  - Tamil Nadu Shops and Establishment Rules, 1947
  - Tamil Nadu Payment of Gratuity Rules, 1972
  - Tamil Nadu Maternity Benefits Rules, 1964
  - Tamil Nadu Contract Labour Rules, 1975
  - Tamil Nadu Minimum Wages Rules, 1953
  - Contract Labour Act, 1970
  - Payment of Gratuity Act, 1972
  - Tamil Nadu Industrial Establishment (National and Festival) Holidays Act, 1958.
  - Tamil Nadu Industrial Establishments (National and Festival) Holidays Rules, 1959
  - Tamil Nadu Payment of Wages Rules, 1937
  - Employment Exchange Act, 1959
  - Equal Remuneration Act, 1976
  - The Workmen's Compensation Act, 1923
  - Employees' Provident Fund & Miscellaneous Provisions Act, 1952
- Self-certification by ESDM companies will be regarded as sufficient compliance with the requirements of the different Acts and the Rules made there under regarding the maintenance of registers and filing of the returns
- Flexibility in labour laws shall be adopted without compromising labour welfare. Subject to applicable labour laws and within the parameters of the

Industrial Employment (Standing Orders) Act, 1946 (Central Act 20 of 1946), flexibility in employment conditions including flexible working hours for women and shorter and longer duration of working hours, 24x7 operations (3 shifts) employment of women in the night shifts

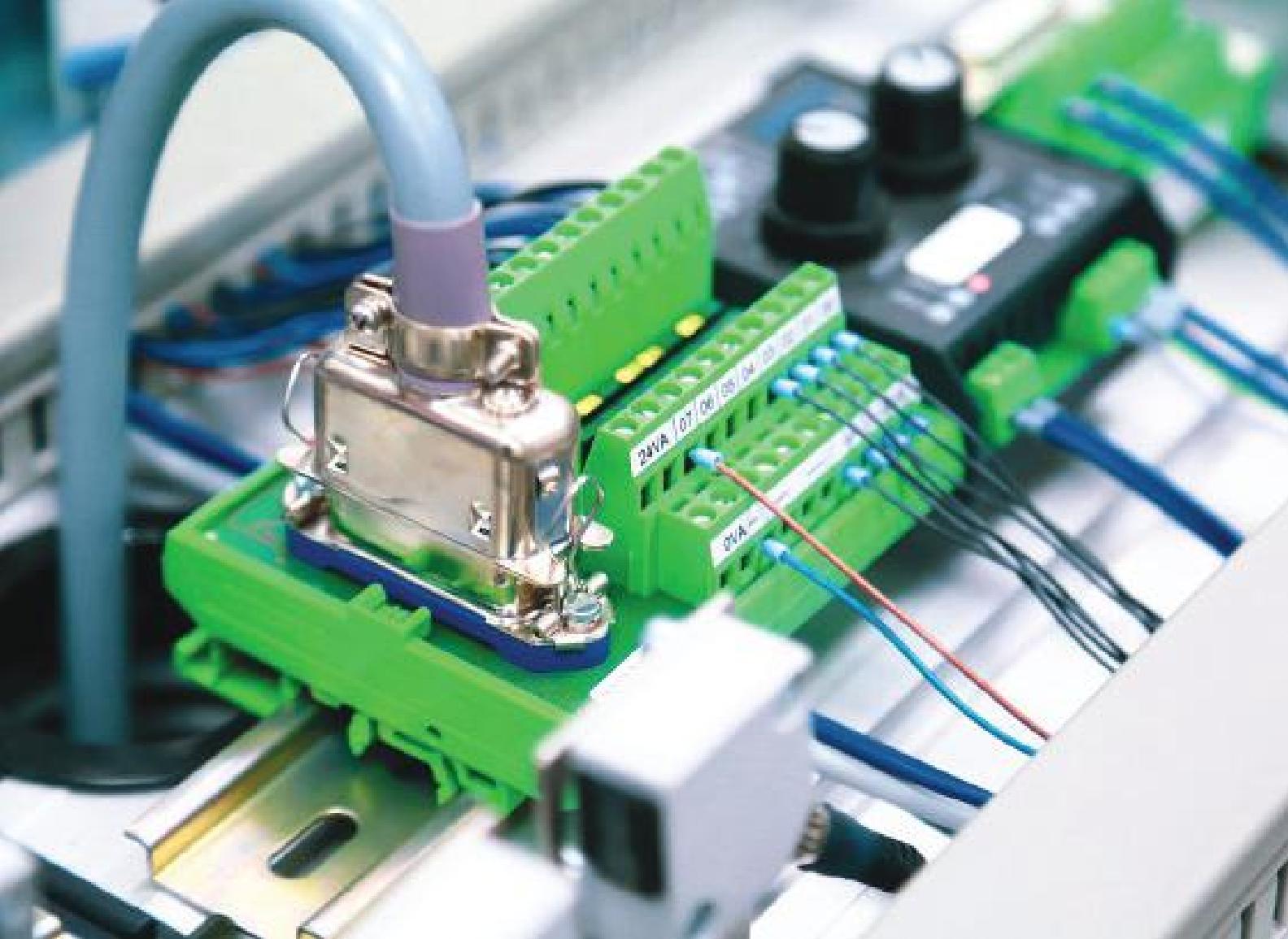
- The flexibility in working hours, working in three shifts and employment in night shifts may be allowed for women employees, provided; all necessary security arrangement, creche facilities for children, facilities of restroom and safe transportsations are arranged; the employers have to ensure that night shift work may be carried out under the supervision of women supervisors and ensure the presence of women security officers.
- E-filing of returns will be implemented progressively after all the offices of the concerned Inspectors are computerized for receiving such returns to make the process efficient, effective, and transparent and citizen- friendly.
- Government of Tamil Nadu will also take necessary action for introduction of Common Annual Returns in place of multiple returns and reduction in the number of registers maintained at present.

## 8. Start-ups and Venture Capital

### Promoting Incubation and Seed Investments in Innovative Hardware Products & Ventures

To catalyse higher growth of the ESDM sector, the GoTN recognizes the need to provide the impetus to Electronics start-ups under the start-up policy of the MSME department.

In line with the National Policy of Electronics 2019, the GoTN shall strive to promote innovation of technologically advanced solutions leading to the indigenous design and manufacturing of hardware products in the emerging technology areas such as 5G, IOT/sensors, Bio sensors, Drones, Artificial Intelligence-Machine Learning, Machine Vision, Augmented Reality (AR), Virtual Reality (VR), Additive Manufacturing, Gaming and Entertainment, photonics, Electric Mobility, Nanotechnology devices as well as thrust areas such as Medical Electronics, Defence Electronics, Automotive/Aviation/Aerospace Electronics, Strategic Electronics, Power Electronics, and Automation paving way for the rise of world-class products to emerge from the ESDM sector in Tamil Nadu.



To realise this vision, GoTN shall provide support through the following enabling provisions in the state's policy:

#### **i. Establishment of world-class Product Innovation, Design and Development facilities**

Through this policy, the state government proposes to bring greater thrust into the establishment of world-class infrastructure and facilities for hardware product innovation & design, with the requisite equipment, resources and expertise offered for hardware & electronics product design, specifically facilitating desktop manufacturing and assembly required for low-volume production of pre-commercial designs of industrial grade hardware solutions. To do so, it is proposed to establish a state-wide Hardware Product Innovation Network consisting of several standalone centres operating in a hub-and-spoke model. The network shall include a **Mega Electropreneur Centre (MEC)**, that will be setup by ELCOT and established in the form of a Centre of Excellence (CoE) for Hardware Products & Ventures to facilitate easy access and to make it practical to

build a robust ecosystem for start-ups and entrepreneurs. This CoE shall include a fully self-contained facility to support end-to-end design, development, testing & certification of innovative hardware products.

As an extension of this central node it is proposed to establish **Mini Electropreneur Centre (MiEC)** shall be setup by ELCOT in each of the existing and future ELCOSEZs to scale up the footprint of innovation activities to further boost the generation of new hardware and electronics systems, products and solutions. These innovations shall be centred around solving local challenges sourced from the industry, society, or government and shall be undertaken by students in the neighbouring science, engineering and polytechnic institutions, serving as a major boost to skills and competencies development.

Each of these MiECs shall provide necessary office facilities for innovators and start-ups to operate, apart from offering the essential technical infrastructure in the form of innovation labs covering equipment, tools, and other resources apart from access to technical training, support and expertise. The centre shall offer on a self-contained basis all requisite resources for innovators coming up with innovative new hardware product ideas to rapidly develop product prototypes ready for completing customer/field trials, test and certification, and become ready for the first batch of factory manufactured units. This centre shall also serve as the '**Rapid Product Prototyping Lab**' for the enterprises operating in the ELCOSEZ, made available on a subsidized rental/subscription basis. In addition, this centre shall also serve as a **Skills Development Hub** on the lines described in the section further below on skills upgradation and training.

## **ii. Financial support for operating Incubation and Acceleration Programmes**

The state shall encourage the implementation of Hardware start-ups focused accelerator programs combined with Seed capital investments, and shall provide financial assistance in the form of complementary funds offered to mature Technology Business Incubators in TN, which shall avail financial assistance from the schemes such as TIDE 2.0 scheme launched by MeitY Start-up Hub, Govt of India, NIDHI TBI, NIDHI CoE, NIDHI Accelerator, NIDHI PRAYAS and/or NIDHI EIR schemes launched by Dept of Science and Technology, Govt. of India. The support from GoTN shall be used to augment the operating funds sourced by these incubators.

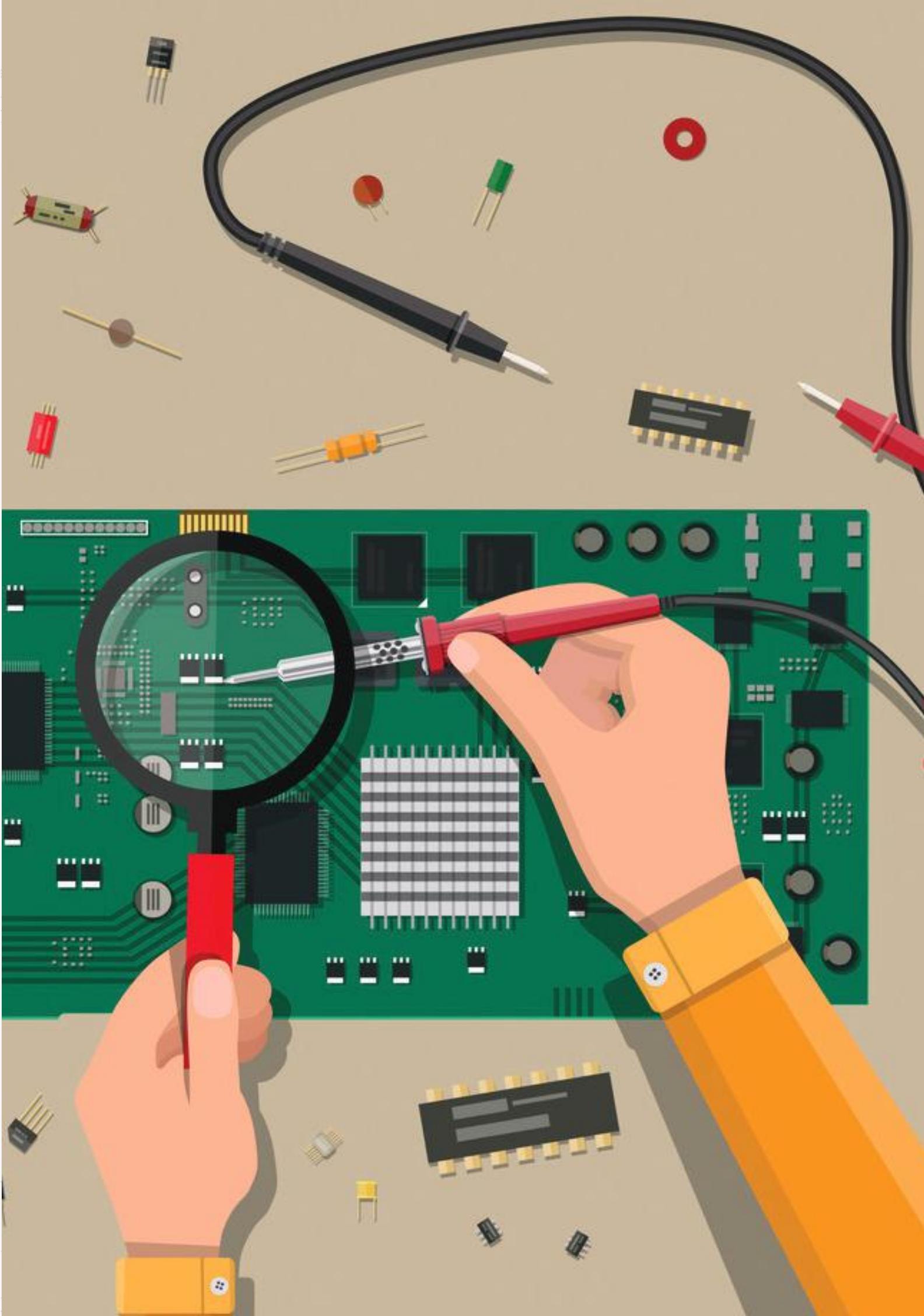
### iii. Innovation Grants & Seed Capital Investments for Hardware Products & Ventures

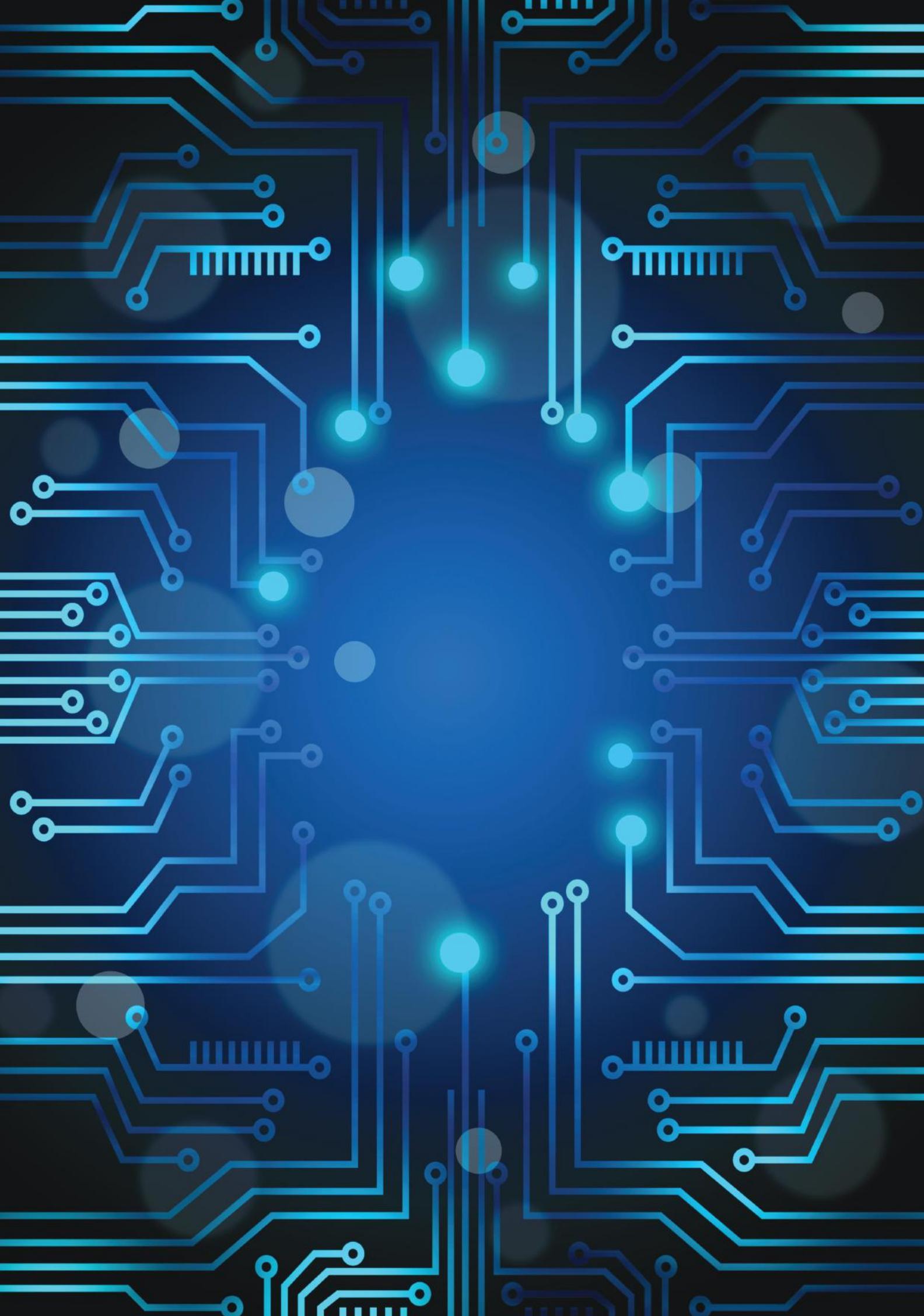
The state shall adopt an Investment Portfolio approach covering **Innovation Grants** (grants for prototyping stage hardware product innovators), **Start-up Grants** (grants for advanced prototyping stage and market entry stage hardware products), and **Seed Capital** (financial support in the form of Convertible Debt implemented through the Convertible Note or CCPS instruments or in the form of Equity investments). This scheme will be implemented through EDII-Tamil Nadu under the aegis of the TANSIM policy implementation framework.

ELCOT will also support start-ups in the electronics and hardware space in the following ways:

- Promote the development and acquisition of IPs in ESDM sector
- Support well-functioning ATAL Tinkering Labs for procurement of new electronic equipment.
- Establish a cloud server to connect all the incubation centres across the State and make it available to all the start-ups, at low or nominal costs.









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