GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 1654
TO BE ANSWERED ON: 27.07.2022

SETTING UP OF SEMICONDUCTOR INDUSTRIES

1654. SHRI SHANMUGA SUNDARAM K.:

Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the details of the steps taken by the Government to promote the setting up of Semiconductor industries or semiconductor hubs across the country;

(b) whether the Government has any plans to set up semiconductor hubs near defence corridors so as to promote the mutual R&D of both the sectors; and

(c) if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAJEEV CHANDRASEKHAR)

(a): Government is focused on its important objective of building the overall semiconductor ecosystem and ensure that, it in-turn catalyses India's rapidly expanding electronics manufacturing and innovation ecosystem. This vision of Atma Nirbhar Bharat in electronics & semiconductors was given further momentum with the approval of the Semicon India programme with a total outlay of INR 76,000 crore for the development of semiconductor and display manufacturing ecosystem by Government of India. The programme aims to provide financial support to companies investing in semiconductors, display manufacturing and design ecosystem. This will serve to pave the way for India's growing presence in the global electronics value chains.
Following four schemes are introduced under the aforesaid programme:

i. **Scheme for setting up of Semiconductor Fabs in India** provides fiscal support to eligible applicants for setting up of Semiconductor Fabs which is aimed at attracting large investments for setting up semiconductor wafer fabrication facilities in the country. Following fiscal support has been approved under the scheme:

   - 28nm or Lower - Up to 50% of the Project Cost
   - Above 28 nm to 45nm - Up to 40% of the Project Cost
   - Above 45 nm to 65nm - Up to 30% of the Project Cost

ii. **Scheme for setting up of Display Fabs in India** provides fiscal support to eligible applicants for setting up of Display Fabs which is aimed at attracting large investments for setting up TFT LCD / AMOLED based display fabrication facilities in the country. The Scheme provides fiscal support of up to 50% of Project Cost subject to a ceiling of INR 12,000 crore per Fab.

iii. **Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / OSAT facilities in India:** The Scheme provides a fiscal support of 30% of the Capital Expenditure to the eligible applicants for setting up of Compound Semiconductors / Silicon Photonics (SiPh) / Sensors (including MEMS) Fab and Semiconductor ATMP / OSAT facilities in India.

iv. **Design Linked Incentive (DLI) Scheme** offers financial incentives, design infrastructure support across various stages of development and deployment of semiconductor design for Integrated Circuits (ICs), Chipsets, System on Chips (SoCs), Systems & IP Cores and semiconductor linked design. The scheme provides "Product Design Linked Incentive" of up to 50% of the eligible expenditure subject to a ceiling of ₹15 Crore per application and "Deployment Linked Incentive" of 6% to 4% of net sales turnover over 5 years subject to a ceiling of ₹30 Crore per application.

In addition to the above schemes, Government has also approved modernisation of Semi-Conductor Laboratory, Mohali as a brownfield Fab.

(b) and (c): Setting up of Semiconductor unit requires huge investments and necessitates suitable infrastructure like availability of uninterrupted Power and Clean Water. Further, Semiconductors manufacturing is a very complex and technology-intensive sector with huge capital investments, high risk, long gestation and payback periods, and rapid changes in technology which require significant and sustained investments. States such as Karnataka, Telangana, Tamil Nadu, Andhra Pradesh, Madhya Pradesh, Odisha, Tripura, Punjab and UT of Dadra and Nagar Haveli and Daman & Diu have shown interest in facilitating setting up of semiconductor chip manufacturing facilities. These States have also indicated the availability of stable power supply and sufficient water supply for chip manufacturing facilities. However, the decision regarding the location of chip manufacturing facility lies with companies proposing to setup such facilities based on various other parameters including availability of stable power supply, sufficient water supply and State Government incentives.

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