GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO. 1190
TO BE ANSWERED ON 11.02.2022

PROMOTION OF SEMICONDUCTOR MANUFACTURING

1190. SHRI MAHESH PODDAR:

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

(a): the financial incentives provided by Government under the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) since the inception of the scheme, if so, the details thereof;

(b): how much of new investment and employment has the scheme been able to generate in till date, if so, the details thereof, State-wise; and

(c): the sectors which experienced losses because of chip shortage and the estimated losses, and the measures that have been taken to diversify sources from China, if so, the details thereof?

ANSWER

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

(a): Government is engaged in broadening and deepening the electronics manufacturing ecosystem and make India a significant design and manufacturing hub in Global Value Chains for Electronics. In pursuance of this objective, the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) was notified vide Gazette Notification dated April 01, 2020 to offset the disability for domestic manufacturing of electronic components and semiconductors. The scheme is open to receive application till 31.03.2023.

No disbursement has been made under the SPECS schemes so far as companies are in the various stages of project implementation and are yet to file any claims for reimbursement of capital investments to the Ministry of Electronics and Information Technology.

(b): As on January 31, 2022, twenty (20) applications have been received and approved under SPECS by the Executive Committee (EC) with total project outlay of Rs.6,747 crore (Six thousand Seven hundred and Forty Seven crore) and committed incentives of Rs 1,236 crore (One thousand two hundred and thirty six crore). The total employment generation potential of the approved applications is 28,845 (Twenty eight thousand eight hundred and forty five). The details are Annexed.

(c): The chip shortage has impacted many industries worldwide with auto and consumer electronics industries among the most affected sectors. The shortage first emerged after the Covid-19 pandemic, due to lockdowns and restrictions. The supply side problem has transformed in to a demand side problem as economies started recovering which increased the consumption of electronic goods across various segments. Industry estimates indicate an impact of 5% to 7% on the manufacturing in India depending on various sectors.

The government is very 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 AtmaNirbharta in electronics & semiconductors was given further momentum by the Union Cabinet chaired by the Hon'ble Prime Minister approving the Semicon India programme with a total outlay of INR 76,000 crore for the development of semiconductor and display manufacturing ecosystem in our country. 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 have been 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.

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Annexure

State wise proposed Investment and proposed Employment generation from the approved applications under the SPECS Scheme

Sr. No.	State	Proposed Investment (Rs. Crore)	Proposed Employment
1	Karnataka	164.41	324
2	Punjab	26.53	89
3	Tamil Nadu	6,054.00	24,711
4	Uttar Pradesh	100.92	581
5	Rajasthan	140.00	1950
6	Haryana	10.29	39
7	Maharashtra	169.12	739
8	Telangana	16.64	99
9	Himachal Pradesh	30.12	113
10	Gujarat	35.00	200

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