

GOVERNMENT OF INDIA  
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 528**  
TO BE ANSWERED ON: 06.02.2020

**MASS PRODUCTION OF FPGA, HARDWARE AND  
CHIP MANUFACTURING HUBS**

**528. SHRI G. C. CHANDRASHEKHAR:**

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

- (a) whether Government has plans to setup mass production of Field Programmable Gate Array (FPGA), Hardware and Chip Manufacturing Hubs in India similar to IT Technology Parks, SEZ's etc.;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**ANSWER**

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY  
(SHRI SANJAY DHOTRE)

(a), (b) and (c): The Government attaches high priority to electronics hardware manufacturing, and it is one of the important pillars of both “Make in India” and “Digital India” programmes of Government of India. The Government has notified the National Policy on Electronics 2019 (NPE 2019) on 25.02.2019, with the vision to position India as a global hub for Electronics System Design and Manufacturing (ESDM) and create an enabling environment for the industry to compete globally.

Ministry of Electronics and Information Technology notified the Electronics Manufacturing Clusters (EMC) scheme to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment in ESDM sector. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs.50 crore for 100 acres of land. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 crore is provided. The scheme was open for receipt of application for a period of 5 years i.e. upto October, 2017. Under the scheme, 20 Greenfield EMCs and 3 Common Facility Centers (CFCs) measuring an area of 3,565 acres with project cost of Rs.3,898 crore, including Government Grant-in-aid of Rs.1,577 crore have been approved in 15 states across the country.

In order to attract investment for setting up of Semiconductor FAB facilities in the country to enable mass production of Field Programmable Gate Array (FPGA) and Chip Manufacturing, capital subsidy of 20% - 25% was available under the Modified Special Incentive Package

Scheme (M-SIPS) till 31.12.2018. However, no proposal was received for setting up of Semiconductor FAB under M-SIPS.

Following incentives are available to companies for setting up of Semiconductor FAB facilities in India:

- (i) Basic Customs Duty (BCD) exemption on capital goods for setting up of Semiconductor FAB.
- (ii) Investment linked deduction under Section 35AD of the Income-tax Act.
- (iii) Deduction of expenditure on research and development as admissible under Section 35(2AB) of the Income-tax Act.
- (iv) New domestic companies making fresh investment in manufacturing and starting operations before March 31, 2023 have an option to pay corporate income tax at reduced rate of 15%. Such companies will also not be liable to pay Minimum Alternate Tax (MAT).

The manufacturing facilities for semiconductors are highly capital intensive and have to deal with constantly changing technology. Further, the semiconductor fabrication capability for leading/ cutting edge technology nodes is available with only few companies globally. Assured business out of the market demand is the key factor to establish and operate a sustainable semiconductor FAB.

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