GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO. 259
TO BE ANSWERED ON: 03.02.2023

SHORTAGE OF SEMICONDUCTOR CHIPS

259. SHRI NIRANJAN BISHI:

Will the Minister of Electronics and Information Technology be pleased to state:

(a) whether the Government is aware that there exists a shortage of semiconductor chips in the country due to low level of manufacture in the country, despite Government launching semiconductor incentive scheme in 2021;
(b) whether an impact assessment report is being prepared to assess the same;
(c) whether Government is aware that as a result of the aforementioned, prices of electronics requiring such semiconductors and automobiles have gone up and there is a gap between the demand and supply (with demand being higher) thereof; and
(d) whether a free trade agreement with Taiwan could boost India's semiconductor industry and is in plans?

ANSWER

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

(a) and (b): 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 transformed in to a demand side problem as economies started recovering which increased the consumption of electronic goods across various segments. Some key reasons behind the global chip shortage were supply chain disruptions due to the pandemic, a sharp rise in demand for consumer electronic goods and rapid digitization of many sectors of the economy. Government conducted multiple discussions on this topic with OEMs, ODMs, Tier 1 companies as well as distributors to mitigate the problem. As per various industry reports, the situation of shortages of semiconductors has already started easing out.

(c): The chip shortage has exposed vulnerabilities and concentration in the semiconductor supply chain and highlighted the need for India to have domestic manufacturing capacity as a core to our strategy of being a significant partner in Global Electronics Value Chain. Semicon India programme is expected to surely play a role in India's semiconductor chips and display requirements in the medium and long term. The programme has broader objectives of ensuring a globally competitive value chain that is based in India but supplies electronics products, semiconductors and technology services and solutions to the world.

(d): India is already a signatory to the Information Technology Agreement (ITA-1) of WTO and Free Trade Agreements (FTAs) with various countries/ trading blocs such as ASEAN, Korea and Japan under which the electronic components, including semiconductor integrated circuits (chips), are being imported at NIL Basic Customs Duty (BCD).

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