GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 80
TO BE ANSWERED ON: 02.02.2022

CHIP EXPORTS

80. SHRI VIJYAKUMAR (ALIAS) VIJAY VASANTH:

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

(a) whether the Government has approved Rs.76,000 crore scheme for chip making in the country and if so, the details thereof; and

(b) whether the above said scheme would help in tiding over chip shortage, promotion of more employment opportunities in various sectors in the country and also help in chip exports, if so, the details thereof and if not, the reasons therefor?

ANSWER

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

(a): Yes, Sir. The government is very focussed 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.

In addition to the above schemes, Government has also approved modernisation of Semi-Conductor Laboratory, Mohali as a brownfield Fab. Further, approval was also granted for the setting up of India Semiconductor Mission (ISM) as an Independent Business Division within Digital India Corporation having administrative and financial autonomy to drive India's strategies for developing semiconductors and display manufacturing ecosystem. Envisioned to be led by global experts in the Semiconductor and Display industry, the ISM will serve as the nodal agency for efficient, coherent and smooth implementation of the schemes.

(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 has transformed into 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 are supply chain disruptions, geographic concentration of electronic manufacturing, a sharp rise in demand for consumer electronic goods and rapid digitization of many sectors of the economy.

Semiconductors are essential to virtually all sectors of the economy- including aerospace, automobiles, communications, clean energy, information technology, and medical devices. Demand for these critical components has outstripped supply, creating a global chip shortage and resulting in lost growth and jobs in the economy. The shortage has exposed vulnerabilities in the

semiconductor supply chain and highlighted the need for increased domestic manufacturing capacity.

Digital India's Semicon India programme is expected to surely play a role in India's semiconductor, chip, 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.

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