

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO.1464
TO BE ANSWERED ON: 31.07.2024

INCENTIVE PROGRAMME

1464. SHRI SELVAGANAPATHI T.M.:

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

- (a) whether it is a fact that the Government has already cleared Rs.70,000 crore out of Rs.76,000 crore on incentive programmes for the development of sustainable semiconductor and display ecosystem;
- (b) whether it is a fact that in addition to the 50% incentive from the Centre, States will also provide a top-up incentive and the State of Tamil Nadu has already provided a top-up incentive for the same;
- (c) whether it is a fact that in the process of setting up of a semiconductor unit in India, 75% of its cost is subsidised and if so, the details thereof;
- (d) whether it is also true that to sustain semiconductor industry in the country, we need to deepen the value chain or else it will move to another country; and
- (e) if so, the steps taken in this regard?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI JITIN PRASADA)

(a) to (e): Steps taken by Government to encourage domestic manufacturing of semiconductors in the country are as follows:

- (i) Government has approved Semicon India programme with a total outlay of INR 76,000 crore for the development of semiconductor and display manufacturing ecosystem in the country. The programme aims to provide financial support to companies investing in semiconductors, display manufacturing and design ecosystem.
Following four schemes have been introduced under the aforesaid programme:
 - a) **‘Modified Scheme for setting up of Semiconductor Fabs in India’** extends a fiscal support of 50% of the project cost on *pari-passu* basis for setting up of Silicon CMOS based Semiconductor Fabs in India.
 - b) **‘Modified Scheme for setting up of Display Fabs in India’** extends fiscal support of 50% of Project Cost on *pari-passu* basis for setting up of Display Fabs in India.
 - c) **‘Modified Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab / Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / OSAT facilities in India’** extends a fiscal support of 50% of the Capital Expenditure on *pari-passu* basis for setting up of Compound Semiconductors / Silicon Photonics (SiPh) / Sensors (including MEMS) Fab/ Discrete Semiconductor Fab and Semiconductor ATMP / OSAT facilities in India.

- d) **‘Design Linked Incentive (DLI) Scheme’:** In addition to the design infrastructure support, 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.
- e) Government has also approved modernisation of Semi-Conductor Laboratory, Mohali as a brownfield Fab.

4 semiconductor units with cumulative investment of Rs 1,48,746 Cr have been approved under the Semicon India Programme. Few states including Tamil Nadu, have announced policies to promote investment in electronics and semiconductor manufacturing in their states.

Further, Government has been implementing following programs focused on development of electronics manufacturing and components ecosystem:

- (i) The Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECES) was notified on 01.04.2020 and was open to receive applications upto 31.03.2024. The scheme provides a financial incentive of 25% on capital expenditure for electronic components, e-waste recycling, mechanics, micro/nano-electronic components, solar photovoltaic (SPV) polysilicon, SPV wafers and solar cells, specialized sub-assemblies and capital goods for manufacture of aforesaid goods. As of, 30.06.2024, incremental investment of Rs. 8,803.14 crores had been made under the SPECES scheme. This has led to production of Rs. 18,083.55 crores till 30th June, 2024
- (ii) **Production Linked Incentive (PLI) Scheme for Large Scale Electronics:** To boost domestic manufacturing and attract investment in mobile phones value chain including electronic components and semiconductor packaging, Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing was notified on 01.04.2020. The scheme extends an incentive of 3% to 6% on incremental sales (over base year) of goods manufactured in India and covered under target segments viz. Mobile Phones and Specified Electronic Components, to eligible companies, for a period of 5 years. Till 30th June, 2024, incremental investment of Rs 8,390 Crores had been made under the PLI scheme. This has led to production of Rs 5,14,960 Crores till 30th June, 2024.

The Government has approved the setting up of 4 semiconductor manufacturing facilities in India and 13 semiconductor design companies.
