

After 5G, Tatas gear up for chip manufacturing

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Mumbai: Days after it announced its entry into production of 5G network equipment, the [Tata Group](#) is gearing up for a play in [semiconductor](#) manufacturing. The move will pit India's largest industrial house against the likes of Samsung, Intel, Taiwan Semiconductor and Renesas.

[Tatas](#) are placing bets on hi-tech manufacturing to boost its fortunes in a post-pandemic world. Estimating the market opportunity of hi-tech manufacturing of electronics to be worth \$1 trillion, [Tata Group](#) chairman [N Chandrasekaran](#) said the conglomerate has set up a business to seize the opportunity. He, however, didn't elaborate.

The development comes against the backdrop of group flagship Tata Motors facing production challenges due to the ongoing chip supply crisis globally.

While the semiconductor manufacturing hubs are in East Asia – China and Taiwan – India has been encouraging companies to set up chip-fabrication units to make the country a production hub and to reduce auto and electronics industries' dependence on China for supplies following the border skirmishes last year.

Chandrasekaran said that there will be alterations to global supply chains, which are highly dependent on China, in the aftermath of the pandemic and geopolitical changes, and businesses will have to shift their reliance onto other countries, providing India with a huge opportunity to become a second base. "At the Tata Group, we have already pivoted into new businesses like electronics manufacturing, 5G network equipment as well as semiconductors."

On July 29, Tata Group inked a Rs 2,923-crore deal to buy 72% of Tejas Networks, marking its entry into 5G network equipment manufacturing.

It is also putting up a mobile phone component factory in Tamil Nadu. And is now gearing up to manufacture chips, which are used in products ranging from CCTV cameras to 5G equipment. "We have set up a business to seize the promise of hi-tech manufacturing of electronics, precision manufacturing, assembly & testing and semiconductors," the chairman said, while speaking at the annual general meeting of industry body Indian Merchant Chambers on Monday.

Significantly, the public health crisis pushed Tata Group to be more resilient to alterations in the global supply chains it relies on and one way to do this was to be a part of it. The foray into electronics and semiconductor manufacturing are part of this gameplan. "Business needs to develop resilience in its global supply chains to head off pressure of shortfalls from sudden disruptions like the pandemic-induced lockdowns," Chandrasekaran said.