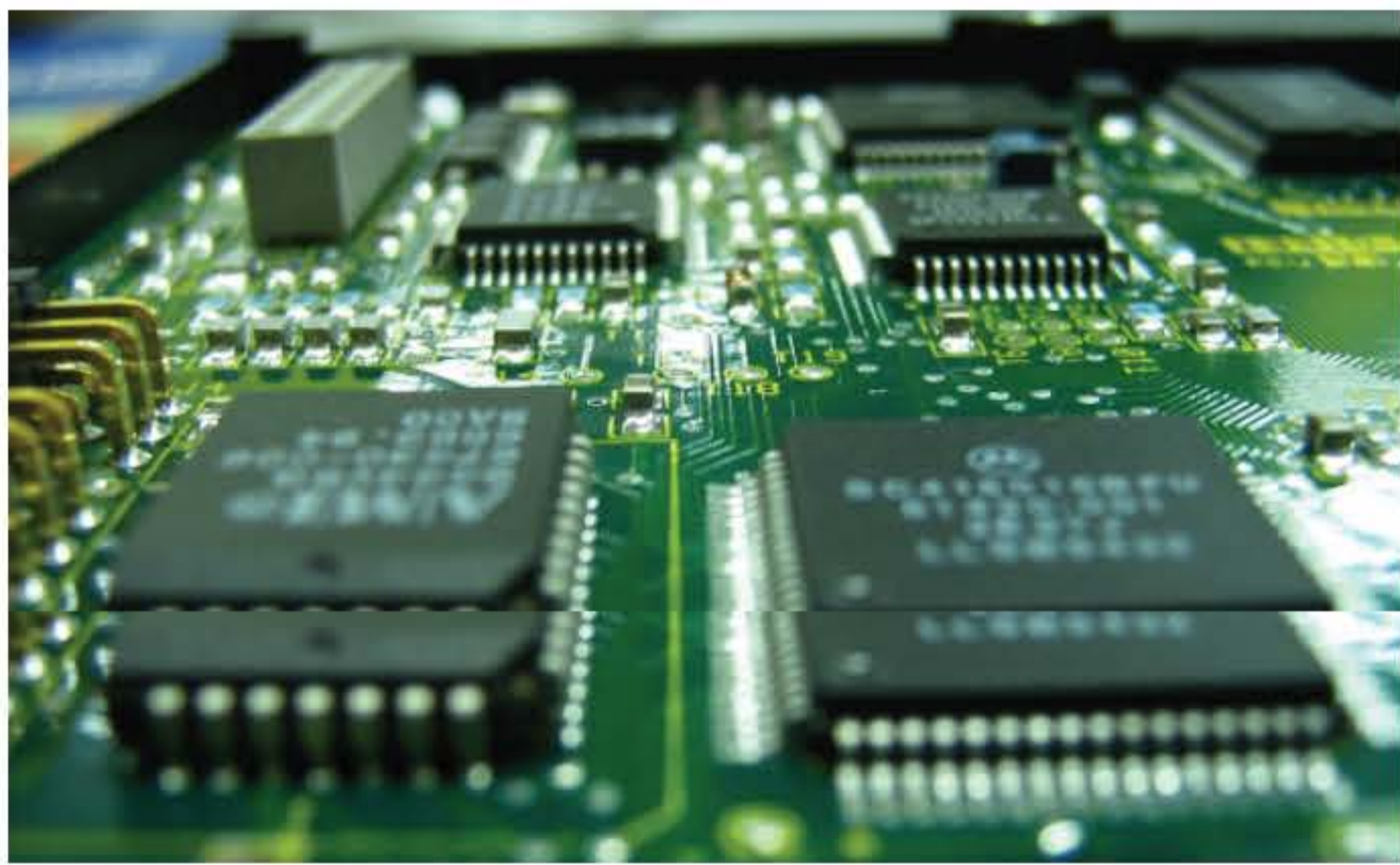


## Driven by high demand, semiconductor market to reach \$64 billion by 2026: Report

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The Indian semiconductor market is expected to reach \$64 billion by 2026, propelled by increasing demand from mobile and wearables as well as industrial and IT sector. Further, due to government initiatives to promote semiconductor manufacturing in the country, the share of locally sourced components will rise to 17% by 2026 as against just 9% in 2021, a report by Indian Electronic and Semiconductors Association (IESA) said.

“Locally sourced semiconductor market is poised to grow at CAGR of 30% from \$1.7 billion in 2019 to \$11.0 billion in 2026. These astounding numbers are possible due to support from the government in establishing manufacturing sites across pan-India,” the report said. The Indian semiconductor market was valued at \$27.2 billion in 2021 and is expected to grow at a healthy CAGR of 16% from 2019 to 2026 to reach \$64 billion in 2026. The global semiconductor market is estimated to reach \$1 trillion by 2030 from the current levels of \$440 billion in 2020.

As per IESA, India has the potential to become a significant supplier to the global semiconductor manufacturing supply chain across the semiconductor equipment ecosystem, materials and services. There is a potential opportunity for India to serve up to \$85-100 billion of the \$550-600 billion annual global opportunity by 2030.

Currently, India has excellent chip designing capabilities and tens of thousands of engineers work in designing and their chips are tapped out in leading edge labs around the world. “Virtually all the world’s biggest fabless chip companies have an Indian presence. However, India has very little presence in actual fabrication and ATMP segments,” the report said.

But due to the Rs 76,000 crore incentive scheme announced by the government, the semiconductor landscape is likely to change going forward. Currently, there is an installed base of 127 fabs across the globe but India doesn't have any fab. Going forward, many of the existing fabs will be up for upgradation over the years and an additional 27 new fabs have already been announced.

Taiwan is a leader in semiconductor fabs with 36 such units followed by 24 in China and 20 in US. Of the upcoming fabs, 8 are set to be in Taiwan, 6 in China and 6 in US.

The report has highlighted that the evolving and volatile nature of the current geopolitical events will play a crucial role for industry players as they will need to seek sourcing partners beyond their existing suppliers. Besides, the growing adoption of sustainable manufacturing practices is also compelling manufacturers to broaden their supplier network. According to IESA, India could well emerge as the latest innovation partner and a significant supplier in the next 10 years. “The immense potential complements India's goal of reaching \$1 trillion in export value by 2030,” it added.