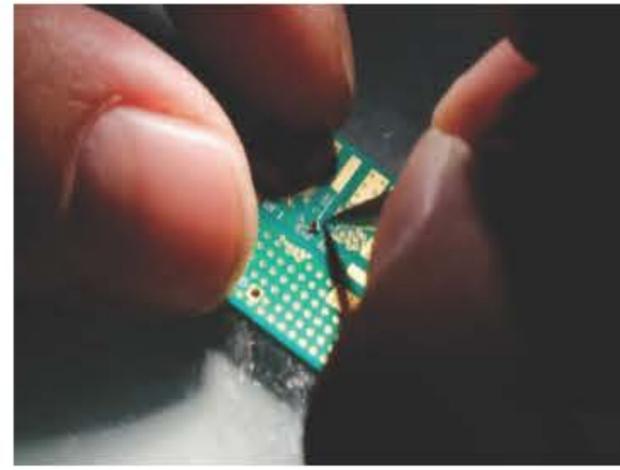


# Semiconductor crunch: Govt plans mega package to woo investments

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NEW DELHI: India will roll out a mega multi-billion-dollar capital support and production-linked incentive plan to push manufacturing of semiconductors in the country, the move coming at a time when industries across sectors face massive production cuts due to global chip shortage, top sources have said.

Senior officers are engaged in active discussions with some of the top semiconductor makers such as Taiwan Semiconductor Manufacturing Co. (TSMC), Intel, AMD, Fujitsu, United Microelectronics Corp., as the government steps up efforts to drive in the much-wanted semiconductor investments into the country.

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The ambitious plan is being coordinated and monitored closely by the Prime Minister's office (PMO) and multi-ministries have been roped into the process as the government works overtime to finalise an attractive policy to woo the semiconductor companies, which are also being chased by other countries such as the US, and those in Europe. "The government is willing to talk capital support. We are closer to it like never before," a top source engaged in the process told TOI.

## PMO MONITORING

➤ **Govt in touch with cos like Taiwan Semiconductor Manufacturing Co, Intel, AMD & United Microelectronics**

➤ **Support could include financial support on capital expenditure, tariff cuts on certain components**

➤ **PMO coordinating and monitoring efforts**

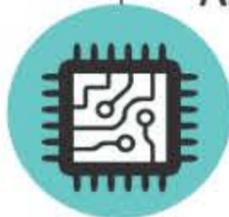
The government recently had a high-level meeting on the matter which had telecom and IT minister Ashwini Vaishnaw, principal scientific adviser K VijayRaghavan, top scientist and Niti Aayog member VK Saraswat, Minister of State for IT Rajeev Chandrasekhar, representatives from the electronics, IT and telecom ministries, Defence Research and Development Organisation (DRDO), surface transport and space departments and the academia.

"The idea is to have representatives from various ministries and departments who are in-charge of industries that are impacted by the semiconductor shortage," the source said.

## EYEING SELF-RELIANCE

➤ **Chip manufacturing involves \$5-10bn investments**

➤ **India imports almost all chips to meet demand, estimated to reach around \$100bn by 2025 from \$24bn now**



➤ **High-level meet conducted with telecom and IT minister Ashwini Vaishnaw, principal scientific adviser K VijayRaghavan, NITI Aayog member V K Saraswat, and MoS for IT Rajeev Chandrasekhar**

On the cards could be financial support on capital expenditure, tariff reductions on certain components, and benefits through programmes such as Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) and production-linked incentive (PLI). "All efforts will be made to formulate an attractive and investment-conducive scheme for companies looking at India."

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Currently, India imports almost all semiconductors to meet demand estimated to reach around \$100 billion by 2025 from about \$24 billion now. Previous efforts to get companies to invest in the semiconductor space have failed, especially as the sophisticated manufacturing processes requires heavy investments, apart from need for supply of uninterrupted clean water and electricity.

While India is seen as strong in the area of chip design, it has failed to get the much-touted fab manufacturing into the country which involves investments ranging between \$5 billion and \$10 billion. However, the break-out of corona pandemic in early 2020 and strategy of many global companies to look at 'China plus 1' policy for procurements is likely to help get investments in India.

The government is confident that a large and fast-growing electronics market, apart from needs in other industries such as defence, automobiles, space and new-age technologies such as 5G and internet of things (IoT), will prompt the companies to invest in India.

"The domestic demand is going to be very high. The government expects domestic production of electronics to move up to \$350-400 billion by 2025, against the estimated \$75 billion now. This will be a big enabler to get in investments."