New semiconductor policy in UP proposed

To Offer Higher Incentives

Shailvee.Sharda
@timesofindia.com

Lucknow: The Uttar Pradesh govt is preparing a new semiconductor policy offering additional incentives to attract investments in the sector, with a focus on developing the entire chip manufacturing value chain rather than limiting the state's ambitions to assembly and packaging units.

The proposed policy will allow semiconductor projects that have not received approval under the Centre's India Semiconductor Mission (ISM) to set up units in the state with incentives from the state govt. It is expected to be placed before the state cabinet for approval soon. "The new policy will retain the incentives available under the existing framework while offering additional concessions, including land and capital subsidies, to projects cleared directly by the state govt," an official said. "The govt aims to develop an integrated semiconductor ecosystem covering chip design, wafer fabrication, packaging and testing, and encourage companies to move beyond assembly operations to advanced manufacturing, positioning UP among the country's major semiconductor manufacturing hubs," he added. The state introduced its semiconductor policy in 2024, following which several companies showed interest in investing in the sector.

Among the key projects is a semiconductor unit being set up jointly by HCL and Foxconn in Yamuna Expressway Industrial Development Authority (YEIDA) region.

However, several other investors keen to enter the sector could not secure the necessary approvals under the Centre's scheme. The proposed policy seeks to bring such projects within the ambit of the state's incentive framework, sources said. Under the new provisions, projects not approved by the Centre under ISM will also be eligible for state-level clearances and additional incentives. The projects will continue to receive benefits under the Centre's policy, wherever applicable, along with additional support from the state.

PROPOSED INCENTIVES

UP govt aims to retain the Centre's capital subsidy and offer additional incentives to semiconductor investors. These include:

- **75%** subsidy on land purchase
- **100%** exemption from stamp duty
- **15-20%** additional capital subsidy for non-ISM projects
- Provision for dual power grids to ensure uninterrupted electricity supply
- Exemption from electricity duty and transmission charges for up to 20 years
- Subsidies to promote research and development