

Chip firms seek similar incentive plan for next leg of semiconductor mission

JATIN GROVER
New Delhi, September 10

THE SEMICONDUCTOR COMPANIES and their industry associations on Tuesday urged the government to maintain a similar level of incentives, funding structure, and also support the chip components sector in the next leg of the India Semiconductor Mission (ISM).

This assumes significance as the government is nearing the completion of the ₹76,000 crore outlay announced under the ISM. So far, with a 50% subsidy, it has committed about ₹62,000 crore of the overall outlay for five chip projects. Given that the government is evaluating 20 more proposals including large fab projects, it will have to expand the scheme outlay, industry executives said.

In a roundtable discussion with electronics and IT minister Ashwini Vaishnaw on Tuesday, about 30 companies including representatives of Tata, CG Power, L&T Semiconductor Technologies, Dixon, Reliance, Hin-

CHIP HUB IN THE MAKING

■ Currently, only **13 applications** have received approval under the semiconductor design linked scheme as against the government target of 100

■ The scheme provides incentives of about

₹15 cr
per startup



■ The government is nearing the completion of the **₹76,000 cr** outlay under the semiconductor mission

■ The government is largely looking at another

\$10 bn
incentive scheme for the semiconductor sector

duja group, Micron, Kaynes, along with industry associations like India Electronics and Semiconductor Association (IESA), SEMI, India Cellular and Electronics Association (ICEA), among others, were present, official sources said. The roundtable was part of the Semiconductor Executives' Summit ahead of Semicon India event from September 11-13.

Besides focusing on a similar scale of incentives, the companies urged the government to improve the design linked scheme and allow larger companies to be eligible for subsidies as well.

"Most of the incentives today are towards (chip) manufacturing, which is fine. But 50-60% of the value of that product is on design," V Veerap-

pan, chairman of IESA, told FE.

According to Veerappan, ISM 2.0 should look at expanding the scope of the semiconductor design ecosystem to larger players who will generate the product intellectual property (IP) in India. Currently, only 13 applications have received approval under the semiconductor design linked scheme as against the government target of 100. The scheme provides incentives of about ₹15 crore per startup. Largely, most of the startups are focusing on one or two chips, and many don't have access to external funds, according to industry executives. Besides large funding, the challenge for the startups, part of the design scheme, is that they don't have the customers, Veerappan said.

The government is largely looking at another \$10 billion incentive scheme for the semiconductor sector. The thinking within the government at the moment is to have a couple of fabs, a couple of assembly and testing units, developing the components ecosystem, and the supply chain to increase the value addition.