

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
RAJYA SABHA
UNSTARRED QUESTION NO. 721
TO BE ANSWERED ON: 03.12.2021

PROJECT FOR PRODUCTION OF SEMICONDUCTORS IN THE COUNTRY

721. SHRI TIRUCHI SIVA:

Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether government is planning to implement a project for support and production of semiconductors in the country;
- (b) if so, the details thereof and the manufacturers being considered for the same; and
- (c) whether there is any target set for the implementation of the plan?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAJEEV CHANDRASEKHAR)

(a), (b) and (c): Government is fully cognizant of the importance of semiconductor design and manufacturing for India becoming an electronics manufacturing hub of the world in the post-covid scenario. Government has been making serious efforts to set up Semiconductor wafer fabrication facilities in the country. Semiconductor FABs are highly capital intensive and have to deal with constantly changing technology. Further, the semiconductor fabrication capability for leading / cutting edge technology nodes is available with only few companies globally.

The Government has approved the following projects in the area of semiconductors:

- I. The project for “Establishment of Gallium Nitride (GaN) Ecosystem Enabling Centre and Incubator for High Power and High Frequency Electronics” to be implemented by Society for Innovation and Development (SID), being converted to a Section 8 company titled "Foundation for Science, Innovation and Development" under the auspices of Indian Institute of Science (IISc) at Centre for Nano Science and Engineering (CeNSE), Bengaluru at the total project cost of Rs. 298.66 crore.
- II. An application for setting up of Assembly, Testing, Marking and Packaging (ATMP) of NAND Flash memory has been approved under the Production Linked Incentive (PLI) Scheme for large scale electronics manufacturing.
- III. An application for discrete semiconductor devices, including transistors, diodes, thyristors, etc. and System in Package (SIP) has been approved under the Production Linked Incentive (PLI) Scheme for large scale electronics manufacturing.
- IV. Following incentives are available to companies for setting up of Semiconductor Fabrication (FAB) facilities in India:
 - i. A financial incentive of 25% on capital expenditure for setting up of semiconductor fabrication units under the Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS).
 - ii. Capital goods for setting up of Semiconductor FAB are exempted from Basic Customs Duty (BCD).

- iii. Investment linked deduction under Section 35AD of the Income-tax Act.
- iv. Deduction of expenditure on research and development as admissible under Section 35(2AB) of the Income-tax Act.
- v. New domestic companies making fresh investment in manufacturing and starting operations before March 31, 2023 have an option to pay corporate income tax at reduced rate of 15%. Such companies will also not be liable to pay Minimum Alternate Tax (MAT).
