

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 597**  
**TO BE ANSWERED ON 07.02.2022**

**Issues faced by MSMEs in Tamil Nadu**

597. SHRI P. WILSON:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) with the boom in the semi-conductor dependent Micro, Small and Medium Enterprises (MSMEs) in Tamil Nadu and the current global scenario of semi-conductor shortage, how does Government propose to overcome the said situation given that the semi-conductor needs of the country are completely imported;
- (b) whether any developments/measures undertaken so as to make the country self-sustaining given the said situation; and
- (c) if so, the details thereof and, if not, the reasons therefor?

**ANSWER**

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES  
(SHRI NARAYAN RANE)

(a) to (c): As informed by Ministry of Electronics & Information Technology (MeitY), the semiconductor chip shortage has impacted many industries worldwide due to supply chain disruptions, geographic concentration of electronic manufacturing, a sharp rise in demand for consumer electronic goods and rapid digitization of many sectors of the economy. Government has conducted multiple discussions on this topic with Original Equipment Manufacturers (OEMs), Original Design Manufacturer (ODMs), Tier 1 companies as well as distributors to mitigate the problem.

The government of India has undertaken several developments/measures so as to make the country self sustaining under the vision of Atma Nirbharta in electronics & semiconductors, and was given further momentum by the Union Cabinet chaired by the Hon'ble Prime Minister approving the Semicon India programme with a total outlay of Rs. 76,000 crore for the development of semiconductor and display manufacturing ecosystem in the country. The programme aims to provide financial support to companies investing in semiconductors, display manufacturing and design ecosystem. This will serve to pave the way for India's growing presence in the global electronics value chains. Following four schemes have been introduced under the aforesaid programme:

- I. Scheme for setting up of Semiconductor Fabs in India provides fiscal support to eligible applicants for setting up of Semiconductor Fabs which is aimed at attracting large investments for setting up semiconductor wafer fabrication facilities in the country. Following fiscal support has been approved under the scheme:
  - 28nm or Lower - Up to 50% of the Project Cost
  - Above 28 nm to 45nm - Up to 40% of the Project Cost
  - Above 45 nm to 65nm - Up to 30% of the Project Cost

- II. Scheme for setting up of Display Fabs in India provides fiscal support to eligible applicants for setting up of Display Fabs which is aimed at attracting large investments for setting up Thin Film Transistor (TFT) Liquid Crystal Display (LCD) / Active-Matrix Organic Light-Emitting Diode (AMOLED) based display fabrication facilities in the country, which provides fiscal support of up to 50% of Project Cost subject to a ceiling of Rs. 12,000 crore per Fab.
- III. Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / Outsourced Semiconductor Assembly and Test (OSAT) facilities in India, which provides a fiscal support of 30% of the Capital Expenditure to the eligible applicants for setting up of Compound Semiconductors / Silicon Photonics (SiPh) / Sensors including Micro-Electromechanical Systems (MEMS) Fab and Semiconductor ATMP / OSAT facilities in India.
- IV. Design Linked Incentive (DLI) Scheme offers financial incentives, design infrastructure support across various stages of development and deployment of semiconductor design for Integrated Circuits (ICs), Chipsets, System on Chips (SoCs), Systems & IP Cores and semiconductor linked design. The scheme provides “Product Design Linked Incentive” of up to 50% of the eligible expenditure subject to a ceiling of Rs. 15 Crore per application and “Deployment Linked Incentive” of 6% to 4% of net sales turnover over 5 years subject to a ceiling of Rs. 30 Crore per application.

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