

JICA, India may sign pact to boost chip industry

Development comes days after JICA signed six agreements worth ₹11,181 cr

PUJA DAS
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The Japan International Cooperation Agency (JICA) is expected to sign an agreement with India to boost the semiconductor industry in the country, driving innovation and talent development in the sector.

India Chief Representative of JICA, Takeuchi Takuro, in an interview to *Business Standard*, said that they do not know what the project will be as it is still at a premature stage, but the Indian government has already identified Gujarat and Assam. He said that the project will be in line with the Indian government policy.

This development comes after JICA on Thursday signed six agreements worth ₹11,181 crore in various sectors, including biodiversity, natural resources conservation, mass rapid transport and aquaculture. This partnership in the semiconductor sector will be supported by substantial financing from JICA, and it may assist Tata in establishing semiconductor manufacturing units, Takuro said.

This initiative follows a partnership announced last year between the Indian Institute of Technology Hyderabad and Renesas Electronics Corporation, a Japanese supplier of advanced semiconductor solutions. "Economic security matters,

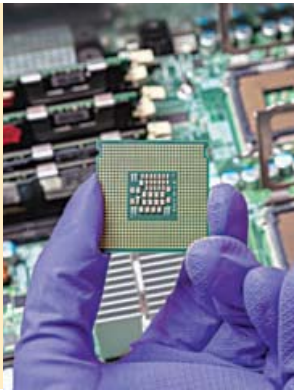
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- The initiative follows a partnership announced last year between IIT Hyderabad and Renesas Electronics Corporation
- Potential project locations include Gujarat and Assam

and the Indian government is keen on establishing the semiconductor industry. Currently, we are aggressively discussing with the Indian government how we can cooperate because Japan is a country that has the most strength in this field, and we have a lot of global good companies in the semiconductor sector. So, this is our big interest now," Takuro said.

Launched in 2021 with an outlay of ₹76,000 crore, the India Semiconductor Mission (ISM) aims to build a strong semiconductor and display ecosystem, positioning India as a global hub for electronics manufacturing and design, while serving as the nodal agency for the efficient and seamless implementation of semiconductor and display schemes.

India's semiconductor market is projected to reach \$52 billion in 2024-25 and is expected



to grow at a strong compound annual growth rate (CAGR) of 13 per cent through to 2030. Sectors such as automotive and industrial electronics present considerable opportunities for added value, according to a report by the India Electronics and Semiconductor Association.

"The conversation started in 2023, and we have been discussing it with all the relevant parties in the Indian government, including Meity (Ministry of Electronics and Information Technology), state governments, and some national universities," Takuro said.

Queries sent to the spokesperson and secretary of Meity remained unanswered till the time of going to press.

"We will finance, but human-to-human exchange is the most important element. Even if we finance, this may be for the purpose of facilitating

or promoting human-to-human exchange or some technological transfer. What the Indian government wants the most is technology and know-how," Takuro said.

The Indian government and also companies, especially Tata, is one of the main ones to set up the semiconductor industry from zero. If we provide some assistance, then they can easily create a semiconductor industry because developing a semiconductor industry is always a very hard task, he emphasised.

Tata Electronics is reportedly building two additional fabrication plants, known as fabs, in Dholera, Gujarat. This expansion is part of the company's broad strategy to develop a domestic chip manufacturing ecosystem that caters to increasing international demand, and establishing the company as a strong presence in the global semiconductor industry.

"This is just the beginning. Before setting up the sector, a lot of cooperation is necessary because India will start from zero, and we have a lot of parties that know how to develop it. So, providing some assistance means we can start cooperation to develop from zero," Takuro said.

Takuro disclosed that JICA is likely to come up with projects in areas like metal, flood control, and mountain slope protection.