

Govt may bet on MSMEs to power silicon dreams

Incentives in the works to build homegrown raw material suppliers for global chip firms

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The upcoming \$15 billion (around ₹1.3 trillion) second phase of the India Semiconductor Mission (ISM) is expected to carve out special incentives for micro, small, and medium enterprises (MSMEs), encouraging them to become suppliers of critical raw materials for global chip-makers, according to senior government officials.

“Our focus now is to help build homegrown raw material suppliers for semiconductor companies. That will be one of the focus areas of ISM 2. The overall priority re-



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‘SEMICON India will catalyse global tieups’

Union Minister for Electronics and IT **Ashwini Vaishnaw** talks to Surajeet Das Gupta about SEMICON India 2025, which begins from September 2, as a key platform for global collaborations, investments, and showcasing India’s emerging semiconductor ecosystem.

mains on building a complete ecosystem for semiconductors,” one official said.

To further improve the ease of doing business for global players likely to apply under ISM’s second phase,

the government is also weighing an industry proposal to extend incentive support for spending on research and development, as well as skill development in India.

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“While the overall incentives for setting up either an OSAT (outsourced semiconductor assembly and testing) facility or ATMP (assembly, testing, marking and packaging) unit for both conventional and advanced packaging technologies may come down marginally to 30 or 40 per cent, the overall focus on domestic raw material suppliers, which are major job generators, may be much higher,” another official said.

The government is finalising the contours of the second phase and may release guidelines soon, the official added.

Under the ₹78,000 crore first phase of ISM, the government has approved 10 semiconductor projects, including two chip-making facilities and eight OSAT or ATMP units across the country in locations such as Sanand and Dholera in Gujarat, Guwahati in Assam, Mohali in Punjab, and Andhra Pradesh.

Beyond chip manufacturing, OSAT and ATMP facilities, the government also plans to

introduce a revamped structure of incentives for startups under the design-linked incentive scheme.

“Most of the startups in the chip design space are unable to cross TRL-7 (technology readiness level) due to paucity of funds and then have to be sold to other bigger companies for pennies on the dollar. We are thinking of ways to support them,” one official said.

Earlier this month, the government approved four additional semiconductor projects under ISM’s first phase. The proposals came from SiCSem, Continental Device India (CDIL), 3D Glass Solutions, and Advanced System in Package (ASIP) Technologies. SiCSem and 3D Glass will be set up in Odisha, CDIL in Punjab, and ASIP in Andhra Pradesh.

The ATMP plant in Bhubaneswar, being developed with an investment of ₹1,943 crore by 3D Glass Solutions, also has equity investments from global companies including Lockheed Martin, Intel, and Applied Materials.