

# Govt in talks with Micron for semicon fab factory



**The discussions with Micron come against the backdrop of the government announcement on Wednesday that it would start considering new applications for fab plans**

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The government has started discussions with US-based Micron Technology to go beyond setting up an Assembly Testing Marking and Packaging (ATMP) facility in India to include a fabrication, or fab, plant, say sources aware of the development.

Micron is one of the world's largest memory and storage technologies players. It is expected to get government clearance very soon for the \$1 billion ATMP facility.

A senior government official said talks have started with Micron to persuade it to build a fab plant after it has finished the ATMP facility. The ATMP plant could process Micron's captive wafers from the manufacturing plant.

"Micron continues to evaluate opportunities for potential future assembly and test project options needed to meet long-term memory demand. We have not made any decisions regarding the timing or scope of any expansion plans as yet," Micron spokesperson said in a response to queries.

The discussions with Micron on a fab plant come against the backdrop of the government announcement yesterday that it will start considering new applications for fab plans from new applicants and also from existing applicants who can re-apply.

In January 2022, the government had sought applications for these plants and companies were given a 45 day deadline to submit their proposals. The three players who participated included Vedanta-Foxconn JV, Singapore-based IGSS and Mumbai-based Consortium ISMC, led by Next Orbit Ventures.

While ISMC and IGSS have confirmed they will reapply again, David Reed, CEO, Vedanta Foxconn, said: "We welcome the government's decision to re-open applica-

tions under a modified policy. It requires multiple fabs for the country's electronics ecosystem to develop. We are fully committed to building a world class fab in India."

The applications were made under the \$10 billion semiconductor scheme of December 2021 in which the government offered to give up to 50 per cent of the cost of the project as fiscal support. However, the scheme, which also offered incentives ranging between 30-50 per cent based on the nanometre of the chip (with 28 and below nanometres getting 50 per cent) was later revised. Under the new rules, chips attract a flat 50 per cent incentive irrespective of the nanometre.

The \$30.8 billion Micron has 11 manufacturing sites spread across the US, Japan, Malaysia, Singapore, Taiwan and China. Headed by Sanjay Mehrotra, who is of Indian origin and who studied at BITS Pilani, Micron has been scouting around the globe for more than a year for a place to set up a semiconductor packaging facility. Under the semiconductor scheme, the government has also offered 50 per cent fiscal support for the capital expenditure to eligible companies setting up ATMPs or Outsourced Semiconductor Assembly and Testing or OSATs.

The global OSAT/ATMP market is projected to grow to \$42 billion by 2026.

Micron recently announced an investment of up to \$100 billion over the next 20 years to construct a new mega fab in Clay, New York with the first phase of investment of \$20 billion planned by the end of this decade.

Micron's mega fab is part of its strategy to gradually increase American-made leading edge DRAM production to 40 per cent of its global output over the next decade. It also plans to invest \$150 billion dollars globally in cutting edge memory chip manufacturing and R&D.