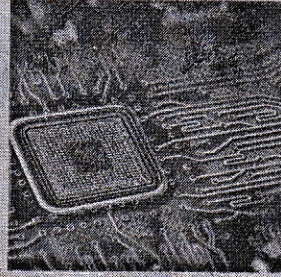


₹3,000 cr allocated for semicon sector proves govt commitment'

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The Centre has made a non-planned allocation of ₹3,000 crore to build India's semiconductor ecosystem in the Budget 2023-24. This amount will be used for the development of semiconductors and display manufacturing ecosystems.

This is the first Budget allocation for the \$10 billion semiconductor and display production-linked incentive scheme which was announced in September 2022. Since the PLI subsidises approximately 40 per cent of the overall capex made by the semiconductor manufacturers, the expected capex for FY24 as per this allocation will approximately be around ₹7,000 crore. According to experts, the Budget allocation indicates that capital



expenditure for the semiconductor fabrication units is expected to start in FY24.

PROPOSED PROJECTS

Currently, three semiconductor manufacturing proposals are under consideration at the Ministry of Electronics and IT. The Foxconn-Vedanta JV leads the pack, submitting a \$20 billion proposal. IGSS Ventures and ISMC have also submitted proposals to set up electronic

chip manufacturing plants. Experts note that the government's allocation will notify manufacturers that it is serious in its commitment to facilitate a semiconductor ecosystem.

Navkendar Singh, Associate Vice President with IDC India said, "This allocation indicates the government's intent to put India on the map for semiconductor manufacturing. This is an invitation to the industry players to set up their manufacturing facilities here."

Another top industry expert told *businessline* on conditions of anonymity, "The government has strategically committed this allocation, noting that chip makers will not be able to invest significant capex in the first year. Especially as the surrounding infrastructure around water purification, power, etc is to be set up as well."