

# Window of opportunity for semicon industry

**THE GAINERS.** The tariff cut can be a major catalyst for India's electronics and tech ecosystem, say experts

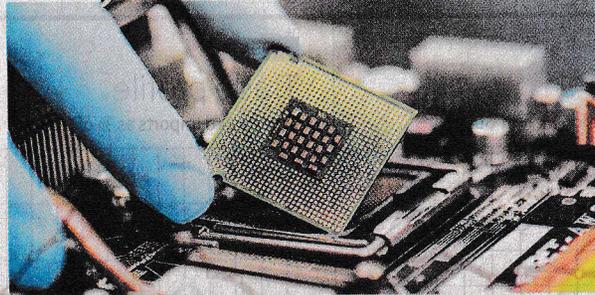
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The India-US bilateral trade deal is being seen as a catalyst for deeper technology and semiconductor collaboration, strengthening India's role across chip design, backend manufacturing and advanced electronics supply chains.

US President Donald Trump said on Monday that the country will lower reciprocal tariffs on Indian goods to 18 per cent from 25 per cent and remove non-tariff barriers, while India will ease its own trade restrictions and increase imports of US energy, technology, and agricultural products under a bilateral trade agreement.

## REGAINING SPEED

According to Tarun Pathak, Director of Counterpoint Research, semiconductor ambitions benefit from greater trust and smoother trade in skills, while initiat-



**SECTOR WINDFALL.** The \$500 billion bilateral trade target could translate into more than \$100 billion in trade for the electronics and semiconductor sector

ives like ICET on critical and emerging technologies will regain momentum. Engineering goods, one of India's largest export categories, spanning auto-components and electrical equipment, also stand to gain from this improved trade climate.

In 2022, the US-India partnership inaugurated the Initiative on Critical and Emerging Technology (iCET), focused on cooperation in semiconductors, AI, quantum computing, wireless communication, especially for defence and secur-

ity applications.

Transforming the Relationship Utilizing Strategic Technology (TRUST) is the evolved form of iCET. Announced in 2025, TRUST retains iCET's core focus on semiconductors, AI, quantum technologies, and expands into domains like critical mineral supply chains, biotechnology, energy and space technologies.

Ashok Chandak, President, SEMI India and IESA, echoed that the India-US trade deal could be a major catalyst for India's electron-

ics, semiconductor and tech ecosystem.

"By improving market access, enabling smoother flow of capital equipment and advanced technologies, and — when complemented by the iCET and TRUST — strengthening trusted supply chains and deepening technology collaboration, the agreement enhances India's attractiveness as a global manufacturing and innovation hub. It will accelerate semiconductor design and manufacturing, boost electronics value addition, and expand cooperation across AI, data centres and advanced manufacturing, creating high-skill jobs and positioning India as a reliable partner in the global technology value chain," he said.

The \$500 billion bilateral trade target could translate into more than \$100 billion in trade for the electronics and semiconductor sector.

For US chip companies, reassessing supply-chain concentration risks, cost

predictability and long-term economics is critical, said Shetal Mehta, Co-founder, Suchi Semicon.

## SEMICON FACILITIES

"Semiconductor firms are diversifying assembly and testing operations beyond traditional hubs. Indian outsourced semiconductor assembly and test (OSAT) facilities today offer scalable capacity, improving yields, and quality systems aligned with international standards. A clearer tariff framework reduces friction in commercial negotiations and enables structured discussions around volume commitments and long-term partnerships. This policy shift improves India's chances of being included in multi-year back-end manufacturing programs rather than short-term pilot engagements. It supports higher utilization of domestic OSAT capacity, encourages fresh capital investment, and strengthens India's role in global semi-

conductor supply chains," he stated.

Lower US tariffs may also improve the commercial viability of Indian-designed chips as American companies reassess sourcing strategies.

Nikul Shah, Co-founder & CEO, IndieSemiC, explained that Indian fabless firms possess strong design talent, domain expertise and cost efficiency. Improved tariff economics make collaboration with US customers more practical and competitive.

The decision to eliminate tariffs on US technology imports may grant better access to semiconductor IP, EDA tools and design ecosystems, enabling Indian companies to move beyond mature nodes toward more complex and application-specific designs. This supports deeper engagement with US OEMs and tier-1 suppliers.

With inputs from Sindhu Hariharan in Chennai