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UTTAR PRADESH

Govt plans to cash in on \$10 bn chip PLI scheme

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The Uttar Pradesh (UP) government is looking to tap the Centre's \$10 billion production-linked incentive (PLI) scheme to promote semiconductor fabrication in India.

With domestic semiconductor demand projected to jump 10 times to \$100 billion by 2025 from \$10 billion in 2020, the state is aiming to emerge as a leading player in the segment.

The state has announced a fresh dedicated policy for chip manufacturing — the UP Semiconductor Policy 2024 — on the lines of Gujarat, Odisha and Tamil Nadu.

The government claims that more than 12 companies have shown interest to set up semiconductor plants in the state.

UP Cabinet Minister Yogendra Upadhyay said investors under the new policy would get 100 per cent stamp duty waiver on registration of land or leasehold. The state would also provide

a 75 per cent land subsidy on 200 acres. On additional land, the subsidy would be 30 per cent.

The companies investing up to ₹200 crore would be eligible for 5 per cent annual interest subsidy. Investors would also get a subsidy of up to ₹10 crore for research and development.

With the new policy in place, UP is expecting big-ticket investments, which may shore up the state's socio-economic growth rate and generate jobs for the aspirational youth.

Semiconductors are used in the production of electronic devices, such as diodes, transistors, and integrated circuits that run consumer electronics like smartphones, modern cars, televisions (TV), computers, etc.

Since India depends on imports to meet semiconductor requirements, the Centre is nudging states to ramp up domestic fabrication with the PLI scheme. The central PLI template is aimed at catalysing the semiconductor value chain viz design, manufacturing, packaging, and testing of microchips.