

Many chipmakers in talks for India plant: Chandrasekhar

Says Micron's plans helped change perception

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Several semiconductor manufacturers have shown interest in building a chip-making plant in the country, after US-based memory chip producer Micron Technology announced plans to set up a factory in Gujarat, Rajeev Chandrasekhar, minister of state for Electronics and IT, told *Business Standard* in an interview here.

He said a few big players in memory chip manufacturing have been exploring India as a destination for assembly, testing, marking and packaging (ATMP), and manufacturing plants. Additionally, a large number of compound semiconductor ATMP and fab companies are also looking for investment in India, the minister said, following meetings with them.

Micron last month announced plans to build a semiconductor ATMP plant in Gujarat under the government's \$10-billion production-linked incentive (PLI) scheme. The company plans to operationalise the \$2.75-billion factory by the end of 2024.

"Many of the companies that were sitting on the fence are now saying 'why are we not investing in India'. This first mover being Micron – a big name in memory chips – is certainly sending a very important signal to all of those other companies which were sitting and evaluating while being partly sceptical, and nervous. They are now saying 'if Micron can do it, why are we not in India?'" Chandrasekhar said.

The absence of local supply chains for chip manufacturing, which requires hundreds of raw items, was one of the key concerns highlighted by industry stakeholders in creating a chip manufacturing ecosystem in India.

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MoS for Electronics & IT



"Micron's announcement is also creating awareness and visibility in the supply chain of fabs and ATMPs, be it providers of gas, minerals, equipment or logistics that they should also start to explore. Certainly, Micron will be a beacon and magnet for the supply chain and for other players to come to India," the minister said.

Under its skilling programme, the government may also offer on-the-job training, during which interns for one semester of the curriculum, can get trained at chip fabs outside the country over the next one-two years, Chandrasekhar said.

"There was a certain setback because Vedanta-Foxconn joint venture partners decided to split. But we are reasonably confident that the consequences of that are not going to be fatal in the long term, because they are both going to apply now independently for a 40-nanometre plant," he said.

DLI scheme to be extended to large firms

The government may expand the design-linked incentive (DLI) scheme for semiconductor design companies to include larger

firms – both foreign and Indian – based on the suggestions from industry stakeholders, Chandrasekhar said.

Under the semiconductor DLI programme, the government offers up to 6 per cent incentive on net sales of specified designs that add to the Indian intellectual property (IP). According to the current scheme guidelines, start-ups and MSMEs as defined by the Department for Promotion of Industry and Internal Trade (DPIIT) are eligible to apply for the incentives.

The government has set aside \$200 million to help semiconductor design firms in innovation.

So far, seven start-ups with product applications ranging from AI to vector processes and image sensors have been approved for funding. The scheme is part of the \$10-billion India semiconductor mission announced by the government in 2021.

Chandrasekhar further said semiconductors for artificial intelligence (AI) were an important part of the government's push, and it would call a global AI conference in September this year.